

# DAILY REPORT

*China*

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CONCERN RAISED ABOUT U.S. TRADE ENFORCEMENT ACT

Han Xu Letter to Yeutter

OW121709 Beijing XINHUA in English 1652 GMT 12 Jul 85

[Text] Washington, July 11 (XINHUA) -- China has expressed "great concern" with the U.S. textile and apparel trade enforcement act of 1985, currently pending before the U.S. Congress. In a letter presented to the U.S. trade representative, Clayton Yeutter, today, Chinese Ambassador in Washington Han Xu notes: "This legislation violates both the U.S.-China textile agreement and the agreement on trade relations between our two countries, as well as the Multifiber Arrangement. If enacted, the legislation would strike a severe blow to China's textile exports and China's ability to earn foreign exchange."

Copies of the letter have also been sent to Secretary of State George Shultz, Secretary of Commerce Malcolm Baldrige and Secretary of Treasury James Baker.

The letter says, the imposition of quotas on imports of textiles and apparel from China under this legislation would result in a reduction in the maximum allowable imports from China during 1985 of 433 million square yards equivalent from actual imports from China in 1984, a cutback of 56 percent. The damage to China under this bill with respect to specific products of importance to China would be even greater. The legislation would cut back China's trade in 8 categories by over 90 percent and China's trade in another 15 categories by over 80 percent. Overall, these cutbacks would result in a loss to China's economy and foreign exchange of over half a billion dollars per year.

By basing quotas on 1980, the letter says, the provisions of the bill particularly discriminate against China because the United States did not provide most favored nation treatment to China until February 1, 1980, which severely inhibited the development of Sino-U.S. trade, including textile and apparel trade, until that time.

These drastic cutback in trade from China and limits on annual growth would also clearly violate paragraph 16 of the China-U.S. textile agreement which states that neither country shall act to restrain the trade in textile products covered by the agreement except in accordance with the terms of the agreement, letter stresses.

The letter warns: "The drastic reduction in China's textile and apparel trade which would occur should this legislation enter into effect would severely jeopardize trade relations between our two countries."

The letter recalls that principal imports by China from the United States recently include aircraft, locomotives, computers, wheat, fertilizers, plastic resins, other chemicals, man-made fibers and yarns, and other products ranging from scientific instruments to leather. "China's imports from the United States of these and other products grew during 1984 by over 37 percent to 3 billion U.S. dollars," it adds.

The letter explains that since 1972, China has had a large adverse balance in its trade with the United States. A matter of important principle under the Sino-U.S. trade agreement is the provision of favorable conditions by the United States to facilitate access for Chinese exports. In addition, this also relates directly to the ability of China to pay for its imports from the United States, and to China's ability to earn the foreign exchange necessary to develop trade with the United States on a healthy and long term basis.



China and the United States, the letter goes on, as the largest developing country and the largest developed country, each has its own economic advantages, thus providing a great potential for an exchange in many fields. "If both sides are willing to make the necessary effort, the prospects for Sino-U.S. economic and technical exchange, cooperation and trade are surely very bright," it concludes.

#### XINHUA Commentary

OW131930 Beijing XINHUA in English 1917 GMT 13 Jul 85

["Commentary: U.S. Act Harmful to China (by Li Changjiu)" -- XINHUA headline]

[Text] Beijing, July 13 (XINHUA) -- The U.S. textile and apparel trade enforcement act currently under debate in the Congress is an act seriously harmful to China's interests.

Under this legislation, the imposition of quotas on imports of textiles and apparel from China would result in a reduction in the maximum allowable imports from China during 1985 of 433 million square yards equivalent from actual imports from China in 1984, a cutback of 56 percent. This would mean a loss of over 500 million U.S. dollars in China's foreign exchange per year.

Since the normalization of Sino-American relations in 1979, bilateral trade volume between the two nations has seen an average annual increase of 45 percent. In 1984, the volume went up to 6.18 billion U.S. dollars from 2.3 billion U.S. dollars in 1979, and China's trade deficit with the United States amounted to 1.49 billion U.S. dollars.

Despite the deficits China has suffered in its trade with the U.S. during the past years, China's imports from the U.S. continue to increase and the United States has become China's second biggest trade partner. Many American businessmen agree that it is beneficial to them to expand economic and trade exchanges with China.

The expansion of economic and trade relations should be based on a mutually beneficial basis. An agreement on Sino-American trade relations, which went into effect on February 1, 1980, stipulates a mutual most-favored-nation treatment between the two partners. But the United States has failed to act in fully accordance with the agreement. Instead, it still lays restrictions in imports, particularly textile goods, from China. The act under debate runs counter to a series of trade agreements signed between the two countries.

Textiles and apparel are China's principal exports to the United States, which amounted to 38 percent of China's exports to the U.S. last year. Should the act be adopted by the Congress, it would inevitably increase China's trade deficits with the U.S., and in turn, a series of U.S. exports to China would be affected as well. As a result, Sino-American trade relations would accordingly be affected.

When Chinese Premier Zhao Ziyang visited the United States last year, he stressed that there was a great potentiality for the development of Sino-American trade on a basis of mutual benefit. He also expressed his hope for a lasting and stable expansion of trade between the two countries. These remarks are worthy of serious attention by relevant American authorities.

## JINGJI RIBAO Commentary

HK151136 Beijing JINGJI RIBAO in Chinese 13 Jul 85 p 1

["Commentary" by JINGJI RIBAO reporter: "A Perfidious Bill"]

[Text] Bilateral trade relations between China, the biggest developing country in the world, and the United States, the biggest developed country in the world, occupy a noticeable position and play a prominent role. People are glad that these relations have been developing constantly and steadily since the signing of the Sino-U.S. agreement on trade relations in 1980.

However, the "1985 textile products and garment trade performance bill" submitted by U.S. Representative Jenkins and Senator Thurmond in March this year has cast a shadow over Sino-U.S. trade relations that have been developing normally. According to this bill, those countries which export textile products to the United States are to be classified into two categories, namely, major exporting countries and exporting countries. Based on this classification, new export quotas will be calculated and set, a method will be worked out to reduce the volume of imports of textile products, and more rigid discriminatory restrictions will be imposed on textile imports from major exporting countries.

People have noticed that, according to this bill, in 1985 the United States will reduce by 40 percent, compared with last year, its imports of textiles and garments from 12 major supplier countries (regions) including China. This will include a cut of more than 400 million square yards -- 56 percent -- in China's actual textile export quota to the United States. This will reduce China's foreign exchange income by \$500 million in 1 year. In addition, the bill also stipulates that the scope of restrictions on textile imports will be expanded. Apart from including all textiles not covered by present restrictions, it will also restrict silk and hemp products which are not covered by the Multifiber Arrangement. This move will cause China still greater economic loss.

Obviously this bill represents the interests of trade protectionist forces in the United States. It totally ignores the international obligations to which the United States is committed, apparently violates the international Multifiber Arrangement, and will infringe upon the interests of most of the developing countries (regions) that export textile products. As far as our country is concerned, this bill also violates the Sino-U.S. agreement on trade relations and the agreement on bilateral textile trade.

Textiles and clothing are major Chinese exports to the United States. Last year they accounted for 38 percent of China's exports there. Therefore, this bill, if enacted, will have a serious impact on China's export trade and will also involve China's imports of a whole series of products from the United States.

This bill which will seriously infringe upon the interests of other countries has naturally aroused strong opposition from those countries (regions) concerned as well as from insightful people of various circles in the United States. Representatives of developing exporter countries that had signed the international textile trade agreement recently held meetings in Geneva to coordinate their stands, being ready to take joint action to resist the trade protectionist forces in the United States and in opposition to any move by the U.S. Congress to adopt this bill. Han Xu, Chinese ambassador to the United States, recently wrote a letter to the U.S. President's trade representative to enumerate the serious impact this bill would have on Sino-U.S. trade and to express the Chinese Government's grave concern over the dangerous effects of this bill.

On 19 June, U.S. Treasury Secretary Baker, Secretary of State Shultz, Secretary of Commerce Baldrige, and Secretary of Labor Brock jointly wrote a letter to U.S. senators and representatives, pointing out that this bill "would lead to a rise in the prices of consumer goods and would consequently have an adverse effect on American citizens;" "it would load American consumers with a heavy economic burden, provoke retaliation by other countries against U.S. exports, aggravate inflation, and go against the international obligations we have undertaken."

According to our information, the U.S. Congress will hold hearings on this bill on 15 July. People hope that the U.S. Congress and government will abide by the international obligations they have undertaken, consider carefully the voices of opposition at home and abroad, and make a full reckoning of the harm and serious consequences of this bill if it is enacted. They should thus seek to develop in broader fields trade relations with textile-exporting countries, including China.

#### ZHANG WENJIN COMMENTS ON SINO-U.S. RELATIONS

HK151158 Beijing ZHONGGUO XINWEN SHE in Chinese 1006 GMT 15 Jul 85

[Text] Beijing, 15 Jul (ZHONGGUO XINWEN SHE) -- Zhang Wenjin, the former Chinese ambassador to the United States who has just left office and returned to China, is of the opinion that President Li Xiannian's visit to the United States is another climax in the contacts between the two nations and will certainly give new impetus to the development of relations between the two countries.

Zhang Wenjin expressed the above opinions in an interview granted to a SHIJIE ZHISHI reporter. Issue No 14 of SHIJIE ZHISHI, to be published tomorrow, carries the interview. He recalled the development of Sino-U.S. relations over the past dozen years and pointed out the unfavorable factors in Sino-U.S. relations in the interview.

In retrospect, this experienced diplomat said, it is certainly true that great progress has been made in Sino-U.S. relations in the past dozen years as a result of a series of important events. It should be said that President Nixon's meeting with Chairman Mao Zedong and Premier Zhou Enlai in 1972 and their signing of the Shanghai communique led to the opening of the doors of the United States and China, which had been closed to each other for more than 20 years. In 1979, China and the United States formally established diplomatic relations and Vice Premier Deng Xiaoping visited the United States and met with President Carter. All this led to the normalization of Sino-U.S. relations. In 1984, Premier Zhao Ziyang visited the United States and President Reagan visited China in April of the same year. This gave further impetus to the development of relations between the two countries after they had opened their doors to each other.

In this period, he said, relations between the two countries met with many complications and, subsequent to the confrontations on many occasions they had enhanced their mutual understanding and the relations between the two countries had taken a rather smooth and stable course of development.

Commenting on the unfavorable factors in Sino-U.S. relations, Zhang Wenjin said, the Taiwan issue is the greatest obstacle to the relations between the two countries. In the United States, there is still a pro-Taiwan anticommunist element which regards Taiwan as an unsinkable U.S. aircraft carrier. In addition, the United States is not willing to see Taiwan reunified with the mainland. At present, the "Taiwan Relations Act" is still in force.



It contains many features that run counter to the communique on the establishment of diplomatic relations between the United States and China and that encroach on China's sovereignty.

In Sino-U.S. trade and economic cooperation, he continued, there are also inequalities. Some out-moded U.S. laws have imposed many restrictions on Chinese imports and exports, the transfer of technology to China, and the extension of credit to China. In the United States, protectionism is gaining ground. In Sino-U.S. trade, China has long suffered from large trade deficits. In addition, although the agreement on Sino-U.S. cooperation in nuclear energy was initialed, the United States is procrastinating on its formal signing. The two countries have not reached an agreement on protection of investments, however, they are to sign a new agreement on shipping. In addition, problems have also arisen in the course of the implementation of the Sino-U.S. aviation agreement. In these areas, the problems have so far resisted solution as a result of the obstacles created by the United States.

Although it is an extremely important and complicated problem to uphold and develop Sino-U.S. relations, Zhang Wenjin said with great confidence, PRC President Li Xiannian's first visit to the United States will be a great success. People will be able to see that by cooperating with each other, the two great nations on the two shores of the Pacific will make historic contributions to world peace and to the world's development.

ZHAO ZIYANG FETES UNIVERSITY PROFESSOR

OW131244 Beijing XINHUA in English 1240 GMT 13 Jul 85

[Text] Beijing, July 13 (XINHUA) -- Premier Zhao Ziyang hosted a dinner in the state guest house here this evening for T.D. Lee, professor of the Department of Physics at Columbia University of the United States, and his wife Chin Hui-chung.

State Councillor Fang Yi was also present.



YAO YILIN ARRIVES IN UKRAINIAN SSR 12 JUL

OW122006 Beijing XINHUA in English 1959 GMT 12 Jul 85

[Text] Moscow, July 12 (XINHUA) -- Chinese Vice Premier Yao Yilin arrived today in Kiev, capital of the Ukrainian Soviet Socialist Republic.

He held talks this afternoon with A.P. Lyashko, chairman of the Ukrainian Council of Ministers, who introduced Ukrainian national construction plans.

The Chinese delegation left Moscow this morning where it held talks with the Chairman of the Soviet Council of Ministers Nikolay Tikhonov, and First Vice-Chairman Ivan Arkhipov.

GUOJI SHANGBAO VIEWS USSR-XINJIANG TRADE

HK101539 Beijing GUOJI SHANGBAO in Chinese No 25, 27 Jun 85 p 2

[Report: "Xinjiang Has Favorable Conditions for Developing Trade With the USSR"]

[Text] Xinjiang borders on the USSR. As early as in preliberation days, it already had some trade contacts with the latter. In the 1950's bilateral trade and exchange became brisk. Later, due to abnormal relations between the two countries, trade was suspended. In 1983, Xinjiang reopened the Huoerguosi and Tuergete ports. Thus trade with the USSR, which had been suspended for 20 years, was resumed. In 1983, the total volume of the import and export trade was more than 70 million Swiss francs. This year, according to agreements signed with the Soviets, the total volume of the import and export trade will reach 200 million Swiss francs, almost tripling the amount of 1983.

The USSR has a vast territory and a large population. It is one of the economic powers of the world. In 1984, its total export trade increased by 6.5 billion rubles over the previous year. The exported goods mainly include crude oil, machinery, and the means of transport. Its importation also increased, including such items as foodstuffs, machinery products, and consumer goods. At present, Xinjiang mainly imports steel products, cement, chemical fertilizer, motor vehicles, and other means of production from the USSR and exports cotton, cloth, hops, filature silk, woolen fabrics, and furs.

Over the past year or so, the Soviet consumer market has become brisk and the supply of certain goods has fallen short of demand. For example, it needs large quantities of garlic every year, but due to the insufficient supply, it has to import red garlic from Egypt. In Moscow the price of garlic is as high as 2 rubles a kilogram. Xinjiang abounds in fine quality white garlic. This is undoubtedly one of the commodities the USSR will be interested in.

Agriculture is well developed in the USSR. However, due to climate and agricultural policies, corn and soybeans are still in short supply. Xinjiang has many favorable natural conditions suitable for the growth of certain crops. It must make use of these conditions to produce more corn and soybeans. The Soviet side wants to buy long-staple cotton produced in the Turpan Basin at a good price. In the past 2 years, the long-staple cotton and hops produced in this region, which are good in quality and sufficient in supply, have become the main goods exported to the USSR.

The Soviet Union also needs large quantities of light industrial products and textiles. The woollen blankets and thermos bottles exported by Xinjiang have become goods in great demand on the Soviet market.

Having many advantages in natural and geographical conditions, resources, and transportation, Xinjiang has bright prospects for developing trade with the USSR.

PRAVDA ACCUSES 'CERTAIN FORCES' IN U.S. OF TENSION

OW141340 Beijing XINHUA in English 1324 GMT 14 Jul 85

["Moscow Accuses Washington of Creating Tension" -- XINHUA headline]

[Text] Moscow, July 14 (XINHUA) -- The Soviet Communist Party Daily PRAVDA today charged "certain forces" in the United States with trying to "create tension" between Moscow and Washington despite the scheduled Reagan-Gorbachev summit in November.

In its weekly international review, PRAVDA said Moscow approached the proposed summit "in a spirit of sincere striving to bring Soviet-U.S. ties back to normal."  
"Unfortunately, certain forces in the United States, which do not abandon attempts at artificially straining the atmosphere around Soviet-U.S. relations, are conducting themselves differently," it added.

The newspaper pointed out that "calls are being voiced in some circles in Washington to continue to follow the position-of-strength policy", but it did not specify what the "certain forces" were.

PRAVDA challenged the allegation that only a defence build-up by the U.S. "would provide a stimulus to the Soviet Union for talks", saying nothing is "more remote to truth than this."

Since the announcement on July 3 that Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan would meet in Geneva on November 19 and 20, Moscow and Washington have continued to attack each other for violating disarmament agreements. This indicates that people should not be optimistic about the results of the November summit.

PRAVDA REAFFIRMS OPPOSITION TO 'STAR WARS'

OW121238 Beijing XINHUA in English 1225 GMT 12 Jul 85

[Text] Moscow, July 12 (XINHUA) -- The Soviet newspaper PRAVDA today describes as mere propaganda the U.S. allegation that Moscow has abandoned its opposition to Washington's star wars research. It has been and remains a "principled stance" of the Soviet Union that the key to the Soviet-U.S. Geneva arms control talks lies in total prohibition of production, testing and deployment of striking space weapons, the article says.

Earlier, a spokesman of the Soviet delegation to the Geneva talks had denied U.S. newspaper reports claiming that the Soviet Union has softened its position.

The U.S.-Soviet Geneva disarmament talks have been deadlocked over the star wars program since they opened in March.

KIM IL-SONG ON KOREAN REUNIFICATION, JAPAN TIES

OW122010 Beijing XINHUA in English 1941 GMT 12 Jul 85

[Text] Pyongyang, July 12 (XINHUA) -- Kim Il-song, president of the Democratic People's Republic of Korea, made clear that the DPRK has neither the idea nor capacity of "invading the South". He stressed that the question of national reunification should be solved in a peaceful way through dialogue and negotiation.

He made the remarks when answering questions raised by the managing editor of the Japanese politico-theoretical magazine SEKAI on June 9, 1985. The important speech by President Kim Il-song was published here today by NODONG SINMUN and all other Korean papers.

On national reunification, Kim Il-song pointed out the occupation by force of half of Korea by the United States is the biggest obstacle for bringing about national reunification. He stressed that it is the immovable stand of the Workers Party of Korea and the DPRK Government to reunify the North and the South.

He exposed the U.S. scheme of dividing the country into "two Koreas". He said that the U.S. strategy is to make Koreans fight each other, so as to maintain its rule over the South. Therefore, Washington goes all out against social democratization and self-government in the South. The United States has supported the South Korean authorities in suppressing people's struggle for democratization.

Kim said that Koreans are not willing to fight each other. National reunification should be solved by peaceful means at all costs.

He recalled that the DPRK has put forward a plan to establish a confederal republic with the co-existence of two social systems, one in the North and the other in the South. He reiterated that this plan is the most reasonable way to realize peaceful reunification.

Kim Il-song emphasized that the DPRK upholds the principle of solving the reunification question through dialogue and peaceful negotiation. Only through North-South contacts could misunderstanding and no-confidence be eliminated, North-South confrontation be lessened and an equitable settlement of national reunification be found out.

He recalled that the DPRK had put forth a proposal for holding North-South parliamentary talks. If the talks are realized, they will have a good influence on North-South economic talks and Red Cross talks, thus facilitating high-level political talks. If the North and the South both approach the dialogue with the common stand and goodwill to reunify the country into one Korea, they will be able to reach an agreement on the questions taken up for discussion without difficulty and find a realistic way of reunification, he emphasized.

Kim Il-song stressed that through the tripartite talks held by the DPRK, the United States and the South Korean authorities, the DPRK and the U.S. should sign a peace treaty to replace the Armistice Agreement of Korea; the North and the South should adopt a non-aggression declaration; and U.S. troops must withdraw from Korea. Only by so doing can the root cause of war be eliminated from the Korean question and a bright prospect for solving the Korean question be opened. He said if the United States truly wants the reunification of Korea, it should deal with the DPRK proposal for tripartite talks with sincerity. They abnormal Korea-U.S. relations will be improved if the United States responds to a dialogue with the DPRK and does things practically helpful to the reunification of Korea.



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On the international situation, Kim Il-song said that although the current international situation is very complicated and tense, war is avoidable.

Turning to Korea-Japan relations, Kim recalled that the DPRK is willing to establish good neighborhood relations with Japan. but the Japanese Government, he said, has from the very beginning colluded with the United States to take unfriendly attitude towards the DPRK, therefore, the good neighborhood relations between the two countries cannot be established.

He stressed that if friendly relations are to be established and furthermore, normal state relations to be set up between the two countries, the Japanese Government should renounce its hostile policy against the DPRK and refrain from doing things obstructive to the reunification of Korea.

He said the Korean people have always cherished friendship with the Japanese people, and have made positive efforts in developing friendly relations with the Japanese people.

President Kim welcomed other countries to have economic cooperation and technical exchanges with the DPRK in accordance with the joint capital management law adopted by the DPRK last year. But he stressed that the DPRK will never introduce foreign capital.

#### XI ZHONGXUN HONORS JAPAN SOCIALIST PARTY MEMBERS

OW141523 Beijing XINHUA in English 1503 GMT 14 Jul 85

[Text] Beijing, July 14 (XINHUA) -- The first group of activists from the Socialists Party of Japan (SPJ) now visiting China were honored at a dinner here tonight hosted by Xi Zhongxun, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee and member of the committee's Secretariat. CPC and SPJ established relations in March, 1983.

The visitors, led by Yamamoto Masahiro, vice-chairman of SPJ Central Executive Committee, and Kasahara Akio, member of SPJ Central Executive Committee and director of the committee's Organization Bureau, arrived here yesterday as guests of the International Liaison Department of the CPC Central Committee.

In their toasts, Xi Zhongxun and Kasahara Akio expressed satisfaction over the friendly exchanges and cooperation between the two parties during the past two years and hoped for a further development of cooperation between the two parties.

They agreed that continued development of such relations was in the interest of long-term friendship of the two peoples and of maintaining peace in Asia and the world over.

Among those present at the dinner were Qiao Shi, alternate member of the Secretariat of the CPC Central Committee, and Qian Liren, head of the International Liaison Department of the CPC Central Committee.

#### WANG ZHEN TO UNVEIL PEACE STATUE IN JAPAN

OW130754 Beijing XINHUA in English 0654 GMT 13 Jul 85

[Text] Beijing, July 13 (XINHUA) -- A delegation from the China-Japan Friendship Association, headed by its honorary president, Wang Zhen, left here today for the Japanese port city of Nagasaki for a goodwill visit, and the unveiling of a peace statue donated by China. Wang Zhen is also a member of the Political Bureau of the Chinese Communist Party Central Committee.



The 312-meter statue of a young girl with a dove, which has already been shipped to Nagasaki, is placed in the Nagasaki Peace Park as a present from China in fulfillment of a promise made by Chinese Communist Party leader Hu Yaobang during his tour of Japan in 1983.

The delegation includes Pan He, the sculptor of the statue.

Among those seeing the delegation off at the airport were Xi Zhongxun, member of the CPC Central Committee Political Bureau; Tian Jiyun, vice-premier; and Japanese Ambassador to China Yosuke Nakae.

#### JAPAN, PRC SIGN \$2 BILLION LOAN AGREEMENT

OW122016 Beijing XINHUA in English 1954 GMT 12 Jul 85

[Text] Tokyo, July 12 (XINHUA) -- Japan and China have signed an agreement under which 67 Japanese banks will grant a loan of two billion U.S. dollars to the Bank of China, the KYODO NEWS SERVICE said today.

This is the largest amount of loan ever provided to China by Japanese financial organizations, said the Tokyo Bank, the main body in this project.

The ten-year loan will be used by China for its Seventh Five-Year Plan beginning next year.

#### NEWS ANALYSIS VIEWS NAKASONE'S EUROPE TOUR

OW121901 Beijing XINHUA in English 1844 GMT 12 Jul 85

["News Analysis: Nakasone's European Tour To Patch Up Trade Differences (by Yang Yuanhua)"] -- XINHUA headline]

[Text] Beijing, July 12 (XINHUA) -- Japan's efforts to harmonize positions on major international issues and patch up trade differences with Europe are scheduled to dominate the meetings between Japanese Prime Minister Yasuhiro Nakasone and European leaders.

The Japanese Prime Minister is due in Paris Saturday to start a 9-day European tour, which will also take him to Italy and Belgium,

Nakasone is scheduled to meet French President Francois Mitterrand and Prime Minister Laurent Fabius, Italian and Belgian Prime Ministers Bettino Craxi and Wilfried Martens as well as Jacques Delors, president of the EC Commission.

His visit is coming at a time when there are some signs that East-West relations have begun to thaw to a certain extent and European leaders have been expressing concern over Japan's trade surplus with the EC, which hit 10 billion U.S. dollars last year.

Since the Soviet-U.S. arms control talks resumed last March, mutual visits by East and West leaders have increased. Last May, Craxi paid a visit to Moscow where he talked with Soviet leader Mikhail Gorbachev.

Recently, the Soviet leader also announced he will visit France before the end of this year and meet U.S. President Ronald Reagan in Geneva. In this context, Nakasone is visiting Europe to acquaint himself with new developments in East-West relations.

The invitation by Reagan to Japan and Western Europe to take part in research for his Strategic Defense Initiative (SDI), popularly known as the "star wars" program, has caused different opinions in Japan and West European countries. SDI is likely to be a key issue discussed by Nakasone with European leaders.

The wide trade gap between Japan and Europe and preparation for new world-wide negotiations to reduce trade barriers will also be discussed. Until 1970, trade between EC and Japan was broadly in balance. But during the 1970's the EC's deficit swelled and the export and import ratio deteriorated. EC statistics indicate the bilateral trade deficit growing every year from five million U.S. dollars in 1970 to 12.1 billion in 1980. Though Japan has adopted several measures to open up its markets, the EC deficit has remained huge.

Under pressure from the United States and Europe, the Japanese Government announced on June 25 the reduction of import tariffs on some 1,800 manufactured, mineral and agricultural goods by a uniform 20 percent. Nevertheless, the announcement of a new package of market opening measures are described by Europe as insufficient. European commissioner Willy de Clercq said in a statement that "the tariff changes announced are unlikely to bring an immediate or sustained relief to the trade imbalance which exists between the Community and Japan."

At the Milan summit, European leaders called for "substantial and regular increase in Japan's imports of industrial and agricultural products." They also called on Japan to give foreigners full access to its financial markets and pressed for steps to make the yen an international reserve currency.

According to Japan's official figures, Japan had a surplus of 4.84 billion U.S. dollars with the EC countries in the first half of 1985. Europe hopes that Japan's efforts to bring its rules over trade standards certification and procedures in line with internal practice will lead to effective improvements with real increases in EC's import penetrations. But Japanese officials admitted that there was still resistance in Japan to opening the market.

Nakasone could face a difficult task during his tour as complaints against Japan are widespread throughout Europe.

SHULTZ SPEAKS AT ASEAN-U.S. MINISTERIAL MEETING

OW121851 Beijing XINHUA in English 1830 GMT 12 Jul 85

[Text] Kuala Lumpur, July 12 (XINHUA) -- The United States and ASEAN are partners for development and peace, said U.S. Secretary of State George Shultz at the ministerial dialogue conference between ASEAN and the U.S. here this morning.

At today's dialogue conference, Shultz announced his government's five-point action program for economic improvement and called on the participants of the present ASEAN-dialogue partners conferences to respond to it.

Shultz said first, the U.S. must reduce its federal spending and fiscal deficit while undertaking basic reform of the tax system in the interests of fairness, economic growth and simplicity.

Second, the Western Europe which needs economic expansion must reduce labor market rigidities and other structural obstacles to growth and innovation, create conditions that stimulate savings and attract investment capital.

Third, Japan, in addition to opening its markets to foreign products, should liberalize its capital markets, internationalize the yen and stimulate domestic sources of growth including investments both local and foreign, to reduce the degree to which its high rate of domestic saving spills over into a disruptive trade surplus.

Fourth, the developing nations, especially those heavily indebted, should continue to make structural adjustments needed to stabilize their economies, reduce the burden of government, expand their trade, and stimulate growth.

Fifth, all nations benefit from freer international trade should support the preparatory work for a new GATT round next year.

Shultz stated that trade is the lifeblood of the world economy, and "we have a solemn obligation to resist the temptations of protectionism".

After dwelling on the action program, Shultz turned to topics of peace and stability which he regarded as the most important conditions for economic development.

He condemned the Soviet Union for creating tension in various places of the world. "In East Asia, the most immediate threat to peace comes from Vietnam", he said.

The U.S. strongly backed ASEAN's policy of putting pressure on Vietnam to negotiate a settlement of the Kampuchea issue, and supported any proposal in conformity with ASEAN's interests, he said, adding that the U.S. pledged to give more aid to Thailand in view of the mounting threat from Vietnam.

Speaking of China's role in this region as well as in the world, he said: "No discussion of the prospects for peace and stability in Asia would be complete without mention of the People's Republic of China. The United States regards China as a friendly, non-aligned country." "On many international issues China's policy is parallel to ours, on other issues it is not. Our relationship with China is premised on the fact that the former outweighs the latter."

"China's emphasis on economic modernization -- an emphasis that has already produced impressive achievements -- should give Beijing an additional strong stake in a stable and secure international environment," Shultz said.



"Thus, we believe that a secure China, working at modernization, can be a force for peace and stability in Asia and the world. An insecure and frustrated China would not serve our interests -- or yours. China's ability to defend itself against the Soviet threat is crucial to the global balance of power and to stability in East Asia.

"To that end, the United States and China are cooperating in selected defensive -- I stress the word "defensive" -- military areas. We are mindful of your interests. Our policy ensures that any upgrading of China's defensive capabilities will in no way jeopardize the security of our friends and allies in this region", Shultz added.

In the ASEAN-Japanese dialogue this afternoon, Japanese Foreign Minister Shintaro Abe spoke very little about the existing economic problems. He expressed his wish to further discuss those problem in a new round ASEAN-Japanese economic ministers' meeting with Malaysia as its mediator.

"Japan will continue to make its utmost efforts on the basis of what has resulted from the second ASEAN-Japanese economic ministers' meeting, for promotion of Japan-ASEAN economic relations, working hand in hand with the ASEAN countries," Abe stressed.

The ASEAN-U.S. and ASEAN-Japanese ministerial dialogue conferences today draw exceptional attention of the public opinion here because the U.S. and Japan are two biggest trading partners of ASEAN and the disputes between ASEAN and Japan in commercial affairs are well known.

Apart from the U.S. and Japan, other dialogue partners include Australia, Canada, the European Economic Community and New Zealand.

#### XINHUA COMMENTS ON ASEAN, GROWTH, POWER

OW141048 Beijing XINHUA in English 0829 GMT 14 Jul 85

["News Analysis: ASEAN Promotes North-South Dialogue (by Yang Mu)" -- XINHUA headline]

[Text] Kuala Lumpur, July 13 (XINHUA) -- The six-member Association of Southeast Asian Nations (ASEAN) is now on its way to become a prominent economic power in the world for the first time since it was founded 18 years ago.

ASEAN, which groups Indonesia, Malaysia, Singapore, Thailand, and the Philippines, and later joined by Brunei, many of them gaining their political independence after World War II, has been taking the lead in South-North contact in both political and economic matters.

What are the purposes of ASEAN? Dr. Mawawi Mat Awin, president of the National Chamber of Commerce and Industry of Malaysia, said at an ASEAN foreign ministers' meeting on July 9 here, "ASEAN needs to translate their collective political will into the practical reality of economic and industrial cooperation. To achieve these goals, while safeguarding national interests and sovereignty, ASEAN should strive to promote and strengthen regional interests and reciprocity."

As a dynamic regional community, ASEAN has grown up rapidly while coping with menace from Vietnam and harassment arising from the Kampuchean problem.



Relying on its intra unity, cohesion and cooperation, ASEAN started its links and cooperation with developed countries in 1976 through a creative means -- dialogue meetings. The annual ASEAN foreign ministers' meeting followed by a dialogue with its rich partners of developed countries aims at establishing extra linkage on the basis of intra solidarity.

This year's dialogue involving six ASEAN states and their six partners, the United States, Japan, Canada, Australia, New Zealand and the European Economic Community, has come to a successful end. Malaysian Foreign Minister Tengku Rithauddeen who chaired the three-day dialogue conference told XINHUA: "I am very happy to see that this dialogue meeting is very helpful to us both in political and economic fields."

Indeed, having overcome some obstacles and difficulties and brought together different conceptions and ways, ASEAN and its dialogue partners have decided to take some new measures to meet the needs of development and leave some problems for future settlement.

In the initial stage, dialogue partners helped ASEAN improve plantation, refine agricultural products and manufactured semiproducts. Later, they helped ASEAN train technical personnel. Now ASEAN is asking its industrialized partners to readjust and extend items of cooperation and enhance the cooperation of science and technology.

The dialogue partners have also taken advantage of the cooperation and trade. Cheaper ASEAN agricultural products, raw materials and semiproducts for the expensive industrial goods from the developed partners have made trade favorable only in one direction. The policy of high import tariff and protectionism as well as unreasonable international monetary system have also upset the ASEAN countries.

Through hard discussions, the dialogue partners, first Japan and then the United States and EEC, have promised to cut some tariff, expand import items and buy more goods from ASEAN on the condition that ASEAN fulfils its commitments.

In short, the current dialogue meeting has improved ASEAN's position in foreign trade to a certain degree. As a senior official of Thai delegation put it, ASEAN is marching along the road of development steadily, but a lot of difficulties still exist to be solved.

#### ASIAN WOMEN'S FORUM CLOSES; PRC DELEGATES SPEAK

OW131851 Beijing XINHUA in English 1837 GMT 13 Jul 85

[Text] Canberra, July 13 (XINHUA) -- The Asian women's status has been improved compared with that in the colonial days, yet there still exist remnants of the old society in discrimination against women. This opinion was voiced by the majority of speakers in the third forum of women in Asia which closed here this afternoon.

The forum, opened on July 11, was sponsored by the Asian Studies Association of Australia and Australian National University, and participated by about 150 women social activists and representatives from Australia, India, Indonesia, China, Thailand, the Philippines and Bangladesh.

The forum dealt with a wide range of subjects, including rural workers and development, women and the labor force, health, marriage, religion and the subordination of women as well as media and public representation of women.

Speakers at the discussions pointed out that the Asian womenfolk, as a whole, have played an important role in various fields of the society, yet their status still needs to be improved so as to keep pace with the social development.

The Indian delegate said a critical examination of the census data shows how the prevailing sex-based stereotypes have tended to undervalue the economic worth of women's work. She noted that women are allowed through a division of labor "to be exploited and used as a marginal work force that has to take up vital but menial and poorly paid jobs."

Two Chinese delegates pointed out women in China share with men the heavy responsibility of developing their country. They also said it is imperative to eradicate all the vestiges of the feudal ideas of preferring male over female and discriminating against women, especially in remote and obscure regions.

A number of Australian delegates talked about the issues on changing approaches towards health care and employment. Participants are of the view that understanding and friendship have been promoted through the meetings. The first forum of women in Asia was held in Sydney in 1981, and the second in Melbourne in 1983.

#### SINGAPORE ADVISER LEAVES FOR BEIJING POST

OW131026 Beijing XINHUA in English 0831 GMT 13 Jul 85

[Text] Hong Kong, July 13 (XINHUA) -- Former Singapore Deputy Prime Minister Goh Keng Swee is on his way to Beijing to take the post of economic adviser for the development of China's coastal areas, according to Singapore press reports. Chinese commercial representative Rong Fengxiang was quoted as saying that Goh Keng Swee's main responsibility will be to envisage plans to open up markets in Guangzhou and Hainan Island. Another former Singapore Government minister, Lim Kim San, now chairman of the port authority of Singapore, has been included in Goh's advisory team. Lim had held various portfolios, including national development, communications, defense and finance before retiring from politics in 1981.

#### PEOPLE'S BANK OFFICIAL ON DEVELOPING SHENZHEN

OW101943 Beijing XINHUA in English 1935 GMT 10 Jul 85

[Text] Hong Kong, July 10 (XINHUA) -- Opportunities are ripe for foreign banks to develop business in the Shenzhen Special Economic Zone, a Chinese official told 300 Hong Kong bankers and entrepreneurs here today. Han Longnian, sub-commissioner of the Finance Supervision Subdivision of the People's Bank of China Shenzhen branch, was addressing a conference on "China's Financial System and Opportunities Open to Foreign Banks."

Between 1982 and the end of May this year, foreign banks from seven countries and regions opened representative offices in Shenzhen, he said. By the end of 1984, 3,489 agreements and contracts were signed with foreign business chiefs, with a total agreed investment of 18.15 billion Hong Kong dollars (2.32 billion U.S. dollars) -- the actual amount used being 4.63 billion H.K. dollars (593 million U.S. dollars). The further improvement of the investment environment and the reform of China's financial system were enabling Shenzhen to enhance greatly its ability to attract foreign investment. This trend provided favorable conditions for the operation of foreign banks.

Han said efforts were being made to draft new economic and financial laws. A number of such laws and regulations had already been implemented. These would safeguard the legitimate rights of foreign banks and investors, protect their operations in Shenzhen and provide a legal basis for resolving economic disputes.

GDR'S SCHUERER TOURS SHANGHAI, HONORED BY MAYOR

OW131532 Beijing XINHUA in English 1444 GMT 13 Jul 85

[Text] Shanghai, July 13 (XINHUA) -- Gerhard Schuerer, deputy chairman of the Council of Ministers of the German Democratic Republic, said here today that he was deeply impressed with his visit to the site of the Chinese Communist Party's First National Congress here.

Schuerer, also a candidate member of the Politburo of the Central Committee of the Socialist Unity Party of Germany, wrote on the visitors' book that his delegation is impressed with the Chinese people's painstaking struggles against internal and external oppressors under the leadership of the Chinese Communist Party.

The Democratic German guests also visited a number of factories in Shanghai and made a cruise on the Huangpu River.

Schuerer arrived here yesterday in the company of Chen Xian, vice-minister of China's State Planning Commission.

After his arrival Schuerer and his party were honored at a dinner hosted by Wang Daohan, mayor of Shanghai. At the dinner both Wang and Schuerer expressed the wish that economic cooperation, trade and scientific and technological exchange between the two countries would develop.

While in Xian the Democratic German guests visited a museum of terracotta warriors and armoured horses unearthed near the site of the tomb of Qin Shi Huang -- the first emperor of feudal China.

BARTER AGREEMENTS AID TRADE WITH EAST EUROPE

OW131316 Beijing XINHUA in English 1242 GMT 13 Jul 85

[Text] Shanghai, July 13 (XINHUA) -- Shanghai, China's largest foreign trade port, exchanged goods worth 30 million Swiss francs in barter agreements with five Eastern European countries in the first six months of this year.

Officials of the Shanghai Foreign Trade Corporation told XINHUA today that the exchanges are separate from governmental agreements. They are being carried out under the principle of import and export balance between Shanghai and Yugoslavia, Poland, Czechoslovakia, the German Democratic Republic and Hungary.

In the first half of this year, Shanghai exchanged such goods as sports shoes, knitted goods, corduroy and shirts to these countries in return for machinery and chemical fibers.

A total of 32 groups of foreign trade officials and company managers from Eastern European countries came to Shanghai between January and June. A number of barter contracts were signed and exhibitions of sample products held in Shanghai during this period.

China's current policy of opening to the outside world has enabled Shanghai to extend economic and technical cooperation with other countries in more flexible ways.



EGYPTIAN PARLIAMENTARIANS END TOUR, RETURN HOME

OW130910 Beijing XINHUA in English 0640 GMT 13 Jul 85

[Text] Shanghai, July 13 (XINHUA) -- A delegation from the Egyptian People's Assembly delegation led by Speaker Rifiat Al-Mahjub concluded an eight-day visit to China and left here for home via Hong Kong today. Al-Mahjub described his visit as "very successful."

He told XINHUA that Egypt's desire to further strengthen cooperation with China in the political, economic and cultural fields, which had been expressed in his talks with Chinese leaders, had met with a positive response. The visit had made the friendly relations and cooperation between the two countries and their peoples closer, he said.

Among those seeing the delegation off at the airport were He Ying, member of China's National People's Congress Standing Committee, and Hu Lijiao, chairman of the Shanghai Municipal People's Congress Standing Committee. While in Shanghai, the delegation visited the Baoshan iron and steel complex, a shirt factory, a fish-breeding farm and a peasant family.

The Egyptian visitors arrived here from Xian July 11. The same evening they were honored at a banquet given by the Shanghai Municipal People's Congress Standing Committee.

[Shanghai City Service in Mandarin at 0100 GMT on 12 July carries a similar item on the Shanghai Municipal People's Congress Standing Committee's 11 July banquet for the Egyptian assembly delegation. The report mentions that Hu Lijiao attended and spoke at the banquet]

PRC RELATIONS WITH SAO TOME, PRINCIPE MARKED

## Friendship Groups At Reception

OW121517 Beijing XINHUA in English 1448 GMT 12 Jul 85

[Text] Beijing, July 12 (XINHUA) -- The people of China and Sao Tome and Principe have forged deep friendship in their common struggles against imperialism and colonialism, said Chu Tunan, vice-president of the Chinese People's Association for Friendship With Foreign Countries here today.

Chu spoke at a reception to mark the 10th anniversary of the diplomatic relations between China and Sao Tome and Principe. Members of a delegation from Sao Tome and Principe led by Maria Amelia Pinto da Costa, president of the Association for Friendship and Solidarity With People and wife of President Manuel Pinto da Costa of Sao Tome and Principe, attended the reception.

Chu said the friendship and cooperation between the two countries were developing with each passing day.

Mrs. da Costa described the current celebrations of the establishment of diplomatic relations between China and Sao Tome and Principe as adding a new impetus to the friendship between the two nations.

Huang Hua, vice-chairman of the Standing Committee of China's National People's Congress, was present on the occasion.



## Li Xiannian Greets Da Costa

OW131513 Beijing XINHUA in English 1438 GMT 13 Jul 85

[Text] Beijing, July 13 (XINHUA) -- In a message on behalf of the Chinese Government and people, Chinese President Li Xiannian extended warm greetings to President of Sao Tome and Principe Manuel Pinto da Costa on the 10th anniversary of the establishment of diplomatic relations between the two countries.

The message described the event as a significant milestone in the historical relations of friendship between the two countries. "Since the establishment of diplomatic relations, the two countries have adhered to the Five Principles of Peaceful Coexistence, cooperated fruitfully in political, economic, trade and cultural areas and made a satisfying progress in friendly relations" President Li Xiannian said.

He added that: "The Chinese people treasure the traditional friendship with the people of Sao Tome and Principe. I am sure that the two countries' relations of friendship and cooperation will achieve further developments in the future."

## Da Costa Greets Li

OW131514 Beijing XINHUA in English 1441 GMT 13 Jul 85

[Text] Beijing, July 13 (XINHUA) -- In a message on behalf of the people and Government of Sao Tome and Principe President Manuel Pinto da Costa extended warm greetings to Chinese President Li Xiannian on the 10th anniversary of the establishment of diplomatic relations between the two countries. The message described the event as a significant milestone in the historical relations between the two countries.

"The relations between our two peoples and two independent and sovereign states are built on the basis of friendship, solidarity and cooperation. The past decade is worthy of a model of the relations between two countries," the West African island president said. His message reaffirms that "in the common struggle against non-development, and striving for peace, progress and social justice, we will stand closer together with you."

## PRC Loan Aids Project

OW140926 Beijing XINHUA in English 0851 GMT 14 Jul 85

[Text] Beijing, July 14 (XINHUA) -- President Manuel Pinto da Costa of Sao Tome and Principe Friday laid the foundation-stone for the People's Palace to be constructed with Chinese aid in the country's capital Sao Tome, reports reaching here said. The project is decided upon by China and Sao Tome and Principe in October, 1978 under a loan. It will cover an area of 8,300 square meters with a 1,000-seat conference hall, two 100-seat meeting halls, a 50-seat meeting hall and auxiliary buildings.

Present at the ceremony were Speaker of the National People's Assembly Alda Neves da Graca do Espirito Santo and government ministers.

Minister of Industry and Housing Jose Fret Lau Chong and Chinese Ambassador Tien Yimin recalled the development of friendship and cooperation between the two countries and expressed the hope that these relations would be further enhanced in the years to come. Sao Tome and Principe, an island state in West Africa, established diplomatic ties with China ten years ago.

ZHANG JINGFU MEETS PDRY CONSTRUCTION OFFICIAL

OW121122 Beijing XINHUA in English 1031 GMT 12 Jul 85

[Text] Beijing, July 12 (XINHUA) -- Chinese State Councillor Zhang Jingfu met with Taleb B. Shamlam, deputy minister of construction of the People's Democratic Republic of Yemen, here this afternoon. Shamlam and his party arrived here yesterday to discuss with Chinese departments concerned on bilateral economic cooperation projects.

CARIBBEAN'S CHAMBERS IN PRC; DENG RESTATES POLICY

## Deng on Open Policy

OW150912 Beijing XINHUA in English 0853 GMT 15 Jul 85

["Reforms and Open Policy Will Succeed, Says Deng" -- XINHUA headline]

[Text] Beijing, July 15 (XINHUA) -- Communist Party leader Deng Xiaoping today expressed confidence that China's economic reforms and policy of opening to the outside world would be successful.

At a meeting with visiting Prime Minister of Trinidad and Tobago George Michael Chambers at the Great Hall of the People here, Deng, chairman of the party Central Advisory Commission, described the reforms and open policy as an important test, adding: "We must pass this test."

He said: "If we do not carry out reform and do not persevere in the open policy, it will be impossible for us to attain our strategic objective of economic development."

Deng stressed that China would not change this policy and its determination to carry out reform, saying: "I believe our policy will succeed."

He continued: "Of course, during the reform there will be certain twists and turns and even mistakes of various degrees. But we will correct mistakes as soon as they are found."

"If one method proves ineffective, another will be used. All in all, we must always sum up experience and draw lessons," he said.

The open policy and economic reforms on both rural and urban areas had been proceeding satisfactorily. The reforms in urban areas, started about half a year ago, would take a few more years to complete, say three to five years. By then, China would have laid the foundation for a sustained and stable economic growth in the following 50 to 70 years, he added.

In reply, Chambers said he had visited China ten years ago, and was deeply impressed by the tremendous changes of the past decade.

Deng said there had been changes, but these had been relatively small. There might be more marked changes in the next 10 or 15 years. Chambers told Deng that he planned to tour Shenzhen, one of China's special economic zones. Deng described Shenzhen as an experiment. "Judging from the present situation," he said, "our policy of establishing the special economic zones is correct. Rapid growth has been registered in Shenzhen."

He mentioned some problems yet to be solved in the import of foreign technology and the earning of foreign exchange through exports. But over the next three years new solutions to these problems would certainly be found, Deng said.

Referring to international situation, Deng said although the world faced many problems, there was hope for peace. "We should make use of peace to develop our own countries," he added.

China pursued an independent foreign policy, which was conducive to durable peace and stability in the world, he noted, adding: "We consider ourselves as a force for peace, a force in checking war"

Deng said China and Trinidad and Tobago shared common views on international issues, and both wanted to boost their bilateral trade and economic cooperation.

Chambers said that like China, Trinidad and Tobago hoped world peace could be maintained, and that its trade and cooperation in various fields with China would continue to grow.

Chinese State Councillor and Foreign Minister Wu Xueqian was present at the meeting.

#### Zhao Welcomes Chambers

OW140204 Beijing XINHUA in English 0153 GMT 14 Jul 85

[Text] Beijing, July 14 (XINHUA) -- Trinidad and Tobago Prime Minister George Michael Chambers who arrived yesterday was given a formal welcome by the Chinese Government here this morning. Chinese Premier Zhao Ziyang presided over the ceremony held on the eastern plaza outside the Great Hall of the People.

Today, colorful bunting hung over the Changan Street, the east-west thoroughfare of the Chinese capital. National flags of China and Trinidad and Tobago flew at the plaza outside the Great Hall of the People.

When Chambers, accompanied by Chinese Minister of Textile Industry Wu Wenying, arrived at the Plaza, which was decorated with the national flags of the two countries, Zhao greeted him with a warm handshake and a youngster presented Chambers with a bouquet. The welcoming ceremony began at 9:00 hours with a military band playing national anthems of Trinidad and Tobago and China amid a 19-gun salute.

Chambers was then accompanied by Zhao on an inspection of an honor guard formed by men of the three services of the Chinese People's Liberation Army. When Chambers went around to meet the well-wishers, 300 youngsters danced and cheered to welcome him.

Present at the ceremony were Trinidad and Tobago Government officials, industrialists and businessmen accompanying Chambers on the visit. Also present was Chinese State Councillor and Foreign Minister Wu Xueqian. After the ceremony was over, the two prime ministers walked into the Great Hall of the People for talks.

#### Zhao, Chambers Hold Talks

OW140906 Beijing XINHUA in English 0839 GMT 14 Jul 85

[Text] Beijing, July 14 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China was willing to develop relations with all countries on the basis of the Five Principles of Peaceful Coexistence no matter whether they were big or small, poor or rich, or whether they were bloc countries or non-bloc countries.

Premier Zhao said: "The Five Principles of Peaceful Coexistence guide our relations with other countries. Such relations should not be determined by social systems or ideology."

The premier made these remarks at his talks this morning with Trinidad and Tobago Prime Minister George Michael Chambers, who came here yesterday on an official goodwill visit to China.

Zhao said China stood for a relaxation of international tension, particularly for the easing of East-West relations. "China desires an all-round disarmament and hopes to see progress in the talks between the Soviet Union and the United States," he said.



The Chinese premier said his country welcomed the prospect of a summit meeting in Geneva between U.S. President Ronald Reagan and Mikhail Gorbachev, general secretary of the Soviet Communist Party. "It will be conducive to easing international tension," he said. "But it will not be easy for the summit to make real and substantive progress. So far, we have not seen any fundamental change in their positions."

Zhao said relations between China and Trinidad and Tobago had always been good since the establishment of their diplomatic relations in 1974. The current visit of Prime Minister Chambers would bring the bilateral relations into a new stage, he added.

Chambers described the relations between the two countries as "excellent." Trinidad and Tobago accorded with China on many international issues, he said. He said his current visit to China was an expression of importance Trinidad and Tobago attached to China, particularly to its exemplary role in the Third World.

Chambers invited Zhao to visit Trinidad and Tobago. Zhao thanked him for the invitation, adding he hoped he would have the opportunity in the future. Chambers said his country would like to expand trade with China, particularly in the energy field.

Zhao agreed with this and suggested that the two countries explore diversified ways of expanding their bilateral trade and economic and technological cooperation. Zhao also briefed Chambers on China's economic situation and on-going economic reform.

He said China would begin its Seventh Five-Year Plan (1986-1990) in 1986. A draft program would be discussed at the coming national conference of party delegates scheduled for this September, he said.

Among those taking part in the talks on the Trinidad and Tobago side were Foreign Minister Errol Mahabir, Minister of Industry, Trade and Consumer Affairs Wendell Mottley, and Minister in the Ministry of Social Development and Local Government Muriel Donowa McDavidson.

On the Chinese side were State Councillor and Foreign Minister Wu Xueqian, Minister of Textile Industry Wu Wenying, Vice-Foreign Minister Zhou Nan, Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian, and Chinese Ambassador to Trinidad and Tobago Cui Mingtang.

#### Zhao Hosts Banquet

OW141450 Beijing XINHUA in English 1430 GMT 14 Jul 85

[Text] Beijing, July 14 (XINHUA) -- Premier Zhao Ziyang this evening voiced China's support for Trinidad and Tobago and other Caribbean countries in their just positions of opposing superpower rivalry and their legitimate demand for the abolition of trade protectionism by the developed countries.

Premier Zhao made the statement at a Great Hall banquet in honor of visiting Trinidad and Tobago Prime Minister George Michael Chambers who arrived here yesterday for an official friendship visit.

Premier Zhao appreciated the efforts made by the Caribbean countries to bring about peace and development through regional cooperation.

Premier Zhao said the Caribbean is an important region in the world and that a peaceful, stable and prosperous Caribbean is of great importance to world peace.

During the two summits held in the past year, he said: "The member states of the Caribbean community coordinated their positions on some international issues and reached agreement on advancing regional integration and promoting regional trade, thus strengthening the unity among them. We wish to congratulate you warmly on what you have achieved.

"Both China and the Caribbean countries belong to the Third World. We would like to establish and develop friendly relations and cooperation, including trade and economic and technological cooperation of various forms, with all the Caribbean countries on the basis of the Five Principles of Peaceful Coexistence," Premier Zhao declared.

On the Sino-Trinidad and Tobago relations, Premier Zhao said that since the establishment of diplomatic relations, the mutual understanding and bilateral relations between our two countries have been further enhanced through the exchange of visits by government leaders and the interflows and cooperation in various fields.

"The Chinese Government and people cherish their friendship with Trinidad and Tobago and are ready to make joint efforts with the government and people of Trinidad and Tobago to enhance the friendly relations between our two countries," he said. Premier Zhao Ziyang also paid tribute to Trinidad and Tobago for its achievements in economic development and foreign affairs.

Prime Minister Chambers said at the banquet that his China visit "is a recognition of the contribution made by the Chinese community to the progress we have achieved in the 175 years since the first Chinese settlers arrived." "It is a recognition also of the unique role that China can play, and is playing, in world affairs," he added.

He noted that Trinidad and Tobago shares with China the desire to pursue an independent foreign policy guided by the unswerving principles of mutual respect for sovereignty and territorial integrity, non-interference in the internal affairs of states and the rights of all people to self-determination.

"We look forward to continuing our joint efforts at the United Nations, and in particular, at the Security Council, to secure, for all of the peoples of the world the achievement of peace and harmony where there is now conflict. The eradication of racial and other forms of discrimination and prejudice where these are still rampant, the restoration of freedom where there is now repression, and the improvement of the quality of life of those who continue to dwell in poverty and squalor," he said.

Present at the banquet were Trinidad and Tobago Government officials and industrialists and business people accompanying the prime minister on the visit. State Councillor and Foreign Minister Wu Xueqian, Minister of Foreign Economic Relations and Trade Zheng Tuobin and Minister of Textile Industry Wu Wenying were present at the banquet.

Earlier today, Wu Xueqian held talks with Trinidad and Tobago Foreign Minister Errol Mahabir. Zheng Tuobin also conferred with Trinidad and Tobago Minister of Industry, Trade and Consumer Affairs Wendell Mottley on bilateral trade and economic and technical cooperation.

#### LI XIANNIAN, DELEGATION CONTINUE VISIT TO CANADA

##### Ottawa Arrival

OW142121 Beijing XINHUA in English 2112 GMT 14 Jul 85

[Text] Ottawa, July 14 (XINHUA) -- Chinese President Li Xiannian arrived here at 04:50 p.m. (local time) today on a state visit to Canada.

I. 15 Jul 85

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PRC INTERNATIONAL AFFAIRS  
WESTERN HEMISPHERE

President Li and his party, including Vice-Premier Li Peng, State Councillor Ji Pengfei and member of the Standing Committee of the National People's Congress Wang Zhaoguo, flew here from Vancouver where they had made a three-day stopover.

President Li is the first Chinese head of state ever to visit Canada. In the next few days, he is scheduled to meet with Governor-General Mme. Jeanne Sauve, and hold talks with Prime Minister Brian Mulroney on international bilateral issues. The Chinese president's Canada tour will also take him to Quebec City and Toronto.

Airport Welcome

OW150046 Beijing XINHUA in English 0024 GMT 15 Jul 85

["Chinese President Officially Starts State Visit to Canada" -- XINHUA headline]

[Text] Ottawa, July 14 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiapei arrived here this afternoon to officially begin his state visit to Canada at the invitation of Governor General Jeanne Sauve and were accorded a red-carpet welcome at the airport.

The Chinese president flew in from Vancouver where he made a three-day stopover. This is the first time that a Chinese head of state visits Canada since the two countries established diplomatic relations 15 years ago.

Arriving on board the same plane were the president's entourage including Vice-Premier of the State Council Li Peng, State Councillor Ji Pengfei and member of the Standing Committee of the National People's Congress Wang Zhaoguo.

Chinese Ambassador to Canada Yu Zhan and Canadian Acting Chief of Protocol Michael F. Doyle, who greeted the president in Vancouver, also arrived by the same plane.

In his speech at the airport, President Li hoped that his visit "will further deepen" the "mutual understanding and friendship, promote economic and technological cooperation and trade, and enhance the good relations" between the two countries.

Today, the Canadian capital looks more beautiful and fresh after a rain in the morning, and is permeated with festival atmosphere. The Chinese and Canadian national flags flutter along the main streets.

As they stepped down from the special plane at the Canadian Forces Base Ottawa South, President Li and his wife were warmly greeted by Governor General Jeanne Sauve and her husband Mr. Maurice Sauve, Deputy Secretary to the Governor General Tony Smyth, and base commander Colonel W.J. Partington and his wife.

As President Li and his wife alighted, Governor General Jeanne Sauve stepped forward and shook hands with them and expressed her warm welcome.

As President Li walked into hangar 11, accompanied by members of the welcoming committee, warm cheers and applause broke out from some 400 well-wishers who waited at the airport to greet him. The president waved back in acknowledgement.

A solemn welcoming ceremony was held in the hangar, where visiting heads of state and government are usually greeted.

As the Chinese president, accompanied by the Canadian governor general and the base commander, stepped onto the dais, the Chinese national anthem "March of the Volunteers" was played by the military band and a 21-gun salute was fired. Then, President Li inspected the guard of honor.



The Canadian national anthem "O, Canada" was played when the president returned to the dais.

In her speech at the ceremony, Governor General Jeanne Sauve expressed her warmest welcome to the Chinese president. She wished the president's visit a great success and said this visit of historical significance would be benefit to both countries and help further promote the friendly relations between the two countries.

In his reply, President Li Xiannian extended his heart-felt thanks and best wishes to the Canadian Government and people.

He said: "Fifteen years ago, China and Canada established diplomatic relations. Since then there has been gratifying growth in the traditional friendship between the two peoples and the friendly cooperation between the two countries." He said he was looking forward to exchanging views with the Canadian leaders on bilateral issues such as economic and technological cooperation and trade as well as "other issues of common interest and making more Canadian friends of various circles."

Bouquets were presented to President Li and his wife by children from local Chinese communities, representatives of the Chinese students studying here and the Chinese Embassy staff.

The welcoming crowd carried a large streamer inscribed with "Welcome President Li Xiannian to Canada."

After the ceremony, President Li and his wife were escorted by Governor General Jeanne Sauve and Mr. Maurice Sauve to the limousines which took them to Rideau Hall (official residence of the governor general) in downtown Ottawa.

#### Governor Sauve Fetes Li

OW150710 Beijing XINHUA in English 0643 GMT 15 Jul 85

["Canadian Governor General Hosts Private Dinner for Chinese President" -- XINHUA headline]

[Text] Ottawa, July 14 (XINHUA) -- Visiting Chinese President Li Xiannian and his wife Lin Jiamai were honored at a private dinner this evening by Canadian Governor General Jeanne Sauve and her husband Maurice Sauve.

The dinner, held at "Rideau Hall," the governor general's official residence, proceeded in a family-like atmosphere. A Canadian official said this is a "get-acquainted" dinner, and therefore very lively and informal.

At the dinner, Jeanne Sauve recalled her first visit to China in 1973 when she was science minister. The governor general spoke highly of what China has achieved in the past few years in all fields and said she was very happy to see President Li here to visit her country.

President Li made a brief introduction of the recent economic and political developments in China and expressed his thanks to Jeanne Sauve and Mr. Maurice Sauve for their warm and friendly hospitality.

The Chinese president arrived here this afternoon from Vancouver to officially start his state visit to Canada.

HU QILI DELIVERS PARTY RECTIFICATION SPEECH

OW15050] Beijing XINHUA Domestic Service in Chinese 1212 GMT 14 Jul 85

[Capitalized passages published in boldface]

[Text] Beijing, 14 Jul (XINHUA) -- Speaking at a meeting sponsored by the Commission for Guiding Party Rectification of the CPC Central Committee on the afternoon of 13 July to review second-stage party rectification in five provinces and one autonomous region, Hu Qili, member of the Secretariat of the CPC Central Committee and vice chairman of the commission, said: The most fundamental guideline for party rectification at this stage is to ensure and expedite reform, and this guideline will never vacillate. If reform, which is now the central task of the party and the state, is not carried out along with party rectification, it would be aimless and meaningless; and if reform is not guaranteed by party rectification, and the obstacles in the areas of thinking, work style, discipline and organizations are not removed through party rectification, even the best reform plans cannot be carried out successfully, and may even be distorted and cause confusion.

The 7-day meeting, which began on 9 July, was chaired by Comrades Bo Yibo and Hu Qili. Attending were secretaries in charge of party rectification, or chairmen of party rectification offices, of the party committees of Hebei, Liaoning, Zhejiang, Guangdong, and Sichuan Provinces, and Xinjiang Autonomous Region. During the past several days, the participants, saying freely what was on their mind, shared the many new situations and their good experiences, and discussed and studied how to carry forward second-stage party rectification in the country.

Comrade Hu Qili began by saying: Since the beginning of the year, a series of important speeches have been made by central leading comrades. For example, Comrade Yaobang's 8 February speech on the party's journalistic work, and that at the 21 May meeting for leading comrades of various provinces, autonomous regions, and municipalities directly under the central government; Comrade Xiaoping's 7 March speech at the national conference on scientific and technological work, and his 19 May speech at the national education conference; Comrade Ziyang's 14 February speech at the national conference of governors; and Comrade Chen Yun's 29 June speech at the meeting sponsored by the Central Discipline Inspection Commission for exchanging experiences in rectifying party style. All these speeches are of highly important guiding significance for unifying the understanding of all party members about the current situation and tasks, for expediting reforms and the building of material and spiritual civilizations, and for accomplishing party rectification. In accordance with instructions of the Secretariat of the CPC Central Committee, the Central Discipline Inspection Commission, in its meeting, held from late February to early March, to discuss second-stage party rectification, and in Circular No 12 it issued in April, drew up further plans for rectifying party organizations in prefectures and counties; and, during the conference on second-stage party rectification, and the recent meeting attended by leading members of party rectification leading groups of 10 branches of central and state organs, and by leading members of leading party groups of various ministries and commissions, Comrade Bo Yibo made a long speech on how to accomplish second-stage party rectification, and consolidate and develop the successes accomplished during first-stage party rectification. These speeches and the circular, which have fully expounded the basic requirements for second-stage party rectification, must be firmly carried out by party committees at all levels.

Hu Qili then presented his 4-point opinion on how to carry forward party rectification to ensure and expedite reforms, and how to enhance the building of material and spiritual civilizations simultaneously.

1. ACHIEVE A BETTER UNDERSTANDING OF THE GUIDELINES FOR PARTY RECTIFICATION, AND BE DETERMINED TO PROPERLY RECTIFY THE PREFECTURAL AND COUNTY PARTY ORGANIZATION. Hu Qili said: The reports presented by five provinces and one autonomous region at this meeting show that the situation in second-stage party rectification has been satisfactory, and development is, on the whole, sound. We must realize, however, that the development of party rectification differs from place to place. Only a few places are very good or very bad, and the majority of units have yet to achieve conspicuous results. Such being the case, we must continue to exert efforts, and by no means should we relax, or feel tired of the work. Those units which have accomplished party rectification should do a good job in consolidating and developing the results of party rectification. They, too, should not relax their efforts.

Hu Qili said: The most fundamental guideline for party rectification at this stage is that it must ensure and expedite reform. All comrades of the party, especially those in party committees at all levels, and those in charge of party rectification, must fully understand the overall need for reform, and consciously work to meet this overall need. Party rectification must be closely integrated with reform, so they can help each other forward. Rectification of prefectural and county party organizations has been carried out since the Central Committee promulgated its three decisions -- for restructuring the economic and the educational systems, and the management of science and technology. Since many prefectural and county units are in the forefront of these three major reforms, the guideline for party rectification is ensuring and expediting reforms, which must be more clearly understood and reaffirmed throughout the process of party rectification, and by no means should there be any vacillation. Some localities and units have said: "Let us finish party rectification quickly, so that we can do our economic work without hindrance." Such thinking is very improper, and must be firmly corrected, because they have pitted party rectification against reform and economic construction, thinking that the two are incompatible. Without good party style, without effective political and ideological work, without strict discipline, and without party organizations playing the role of a fighting fortress, reform will be distorted, the socialist modernization drive will be of no avail, and the party will be in disarray. Problems, and even errors or mistakes, are inevitable during the course of reform, and when old systems are being replaced by new. As long as leading comrades at various levels remain sober-minded, are ready to discover problems, and draw lessons from them in due course, all problems in their way can be resolved. Unless we have established this viewpoint, we cannot reaffirm our confidence in reform, and so, in the course of party rectification, we must help all party members and member-cadres firmly establish this viewpoint.

Building socialist material and spiritual civilizations simultaneously is an extremely important strategic principle, which must be upheld throughout the historical period of building a socialist society. Restructuring the old systems and rectifying the party organizations simultaneously are ways to implement this strategic principle, and expedite the process of building the two civilizations. We must build a vital and dynamic socialist economic system with distinctive Chinese characteristics, and improve our party still more, and encourage all its organizations to become strong leading cores, serving the people wholeheartedly, and be upright, disciplined, and capable of leading the masses in accomplishing the four modernizations.

2. INTENSIFY EDUCATION ON IDEALS AND DISCIPLINE TO HEIGHTEN MEMBERS' PARTY SPIRIT. Hu Qili said: We must earnestly heighten members' party spirit -- a task which is the central link in heightening party members' ideological and political consciousness.



Experience gained in the past 3 months or so has proved that, by beginning with heightening members' party spirit, party rectification can proceed effectively without difficulty, because, by doing this, we have seized the fundamental issue, stressed the main point, and accelerated the process of accomplishing all projects of party rectification. The current issue is: We must earnestly sum up our previous experiences, and continue to deepen education in heightening party members' party spirit.

-- We must educate party members to adhere to the correct course during the modernization drive. The overwhelming majority of party members and party member-cadres clearly understand the issue of major principle and the basic issue of political orientation -- that the ongoing modernization drive is a socialist one -- and their minds are sober, enabling them to correctly carry out the series of major party policies of opening to the outside world and enlivening the domestic economy, and imbuing them with the spirit of reform, producing new ideas for the sake of promoting the socialist cause. This is an important indicator of their party spirit and ideals. However, there are indeed some comrades who are not sober-minded enough in viewing this issue of major principle and basic political orientation, and are somewhat confused. An extremely small number of party members, having lost their socialist and communist convictions and ideals, have even advocated Western "democracy" and "freedom," and advertised the bourgeoisie's liberal thinking. Thus, in the course of party rectification, we must, by presenting the facts and reasoning things out, criticize these people, educate and help them, and point out solemnly that, if they do not renounce such misconceptions, they will lose their bearings, and cannot become qualified Communist Party members.

-- We must educate party members to bear in mind the fundamental purpose of wholeheartedly serving the people. Members of the ruling party must always maintain the closest ties with the masses, share weal and woe with them, be first to bear hardships and last to enjoy comfort, and never be allowed to seek personal privileges, or abuse power for personal interests. This is one of the remarkable signs which distinguish the proletarian political party from political parties of all other classes. Today, not only new party members', but also veteran party members' sense of wholeheartedly serving the people is getting blunted, and even falling into oblivion. In the course of reform and opening to the outside world, party organizations and members have proceeded from the interests of an area, a department, and a small group, and even from the personal interests of an individual and the people around him. They dare to do anything that makes money. They have gone so far as to practice fraud, cheat the state, and entrap consumers. For example, they have evaded taxation, raised commodity prices at will, made fake medicine, and sold phoney commodities. This is absolutely incompatible with the party's fundamental purpose and the fundamental principle of party spirit. As far as party members who are leading cadres are concerned, they must adopt an overall view point and this is all the more important now that power has been transferred to lower levels.

-- We must educate party members to proceed from reality, seek truth from facts, tell the truth, and not lies. Recently, the customs of telling lies, bragging, and indulging in idle talk handed down from the "Cultural Revolution" have regained prominence such as fabricating false statistical figures, reporting false situations, and writing false reports. They have deceived their superiors, deluded their subordinates, and sought honor and personal gain through deception. The phenomenon of proneness to boasting and exaggeration has appeared in economic construction. Practicing fraud completely violates the party's principle of seeking truth from facts.

When a party member violates the principle of seeking truth from facts, he cannot begin to talk about party spirit, because at the least he has shown a sign of impurity in party spirit. Failure to proceed from reality, failure to report the actual situation and practicing formalism, subjectivism and idealism -- all these our party has historically paid heavily for. We must never forget this bitter lesson from our history.

--We must educate party members to strengthen their sense of party discipline. Our party is the vanguard of the working class, with unified will and iron discipline. It is not a club, a faction, a patriarchal organization, or a clique, consisting of various connections seeking personal interest. Our party's organizational principle is democratic centralism. The individual is subordinate to the organization; the minority to the majority; the lower level to the higher; and the entire membership to the Central Committee. Today, the phenomenon of lax discipline within the party has become a major obstacle to reform. The prefectural and county party organizations must strengthen the sense of party discipline, and regard it as an important content of rectification and correction. No party organizations or members are permitted to choose the party's principles and policies according to their need. They are not permitted to implement policies which are in their favor, reject those which are not, or even twist or tamper with those policies. They are not permitted to take countermeasures against the party's policy, or rack their brains to outwit the party and the state.

Hu Qili said: Strengthening the sense of party spirit among members, improving their political quality, and fundamentally bettering party style are of decisive significance in terms of strengthening the construction of socialist spiritual civilization. When we have good party style, it will certainly stimulate improvement in the general mood of society. All Communist Party members must take the lead in promoting construction of socialist spiritual civilization, with a high sense of political responsibility. Party members working on the ideological and cultural fronts must earnestly assume responsibility, create works worthy of our great times, and supply quality products for the mind to the people, particularly the vast number of youths.

It is necessary to conduct education in ideals and discipline by closely integrating it with party members' ideological and current work realities. It is necessary to be practical and realistic, and set a good example. There should be no empty talk. While grasping education in both positive and negative examples, we must also conduct education in their criterion among the vast number of party members, and grasp education in party and modern history, the history of the local revolutionary struggle, and of each unit's pioneering work. All this can heighten party members' awareness of socialist and communist ideas. The fundamental way to evaluate the results of education in ideals and discipline is to see how party members actually perform their work, find out whether they really play a model and leading role, standing in the forefront of reform and the four modernizations to unite with the masses and advance with them.

3. IN THE COURSE OF PARTY RECTIFICATION, WE SHOULD DO MORE REAL WORK AND LESS IDLE TALK, SURELY SOLVE CONSPICUOUS PROBLEMS OF OUR UNITS, AND IN PARTICULAR, MAKE NEW BREAKTHROUGHS IN THE INVESTIGATION AND HANDLING OF MAJOR CASES. Hu Qili said: Currently, a great deal of work remains to be done. Here, I want to emphasize three aspects. One is the need to seriously improve our leading style. In our party, there are indeed a considerable number of cadres who are very bureaucratic, do not stress overall efficiency, and have no sense of responsibility.

Such a bureaucracy has caused intolerable waste and loss. In the course of party rectification, we must correct such bad work style which is harmful to our party, our country, and the people. Second is the need to resolutely correct all unhealthy tendencies, in accordance with the principles and policies laid down by the Central Committee. We should dare to deal with tough cases, and investigate serious problems involving leading cadres, such as that of taking advantage of one's power to seek private gain. We should not let bureaucrats shield one another. In particular, we must overcome all resistance to thorough investigations of major and important cases, and sternly deal with them. In our party, there are a small number of people taking the opportunity of reform and opening to the outside world to engage in speculation, fraud, embezzlement, and smuggling. We must expose them, and expel them from the party, because they have long corrupted and degenerated themselves, and lost their communist character. From now on, all provinces, autonomous regions, and municipalities should seriously investigate and handle a number of major and important cases involving leading cadres at, and above, county level. Cases of general educational significance should be publicized in the media. Third is the need to do a good job in purifying party organization. We should take measures to strictly manage the party. All units must continue to pay attention to sorting out "the three types of persons" unremittingly, and should not tolerate and abet evil. The work of sorting out "the three types of persons" should continue as long as they are still there. We must also seriously sort out other elements who persistently oppose and hurt our party, as pointed out in the Central Committee's decision on party rectification. Recently, Comrade Yibo quoted Lenin's words: "Comb out those persons in the party who only want to 'enjoy' the benefits of being members of a government party, but are unwilling to work selflessly for communism." Currently, some of our party members violate law and discipline, and refuse to mend their ways, despite repeated admonitions. Their problem is even more serious than Lenin intimated. We must expel such persons from the party. The more they are removed from our party, the more our party's prestige and strength will be enhanced. Conversely, if they are not expelled, they will cause great damage, greatly weakening our party's fighting power. Of course, we should be very prudent in the handling of personnel affairs. However, if some persons' serious problems have already been confirmed, and we still tolerate them, and are afraid to offend them, we are showing corruption ourselves. If we fail to manage the party strictly, do not have principles, and let those persons who have lost their qualifications for party membership remain in the party, our party's fighting power and advanced character will be affected.

4. WE SHOULD FIRMLY STRENGTHEN LEADERSHIP OVER SECOND-STAGE PARTY RECTIFICATION WORK, AND REGARD THE RESULTS OF PARTY RECTIFICATION AS AN IMPORTANT BASIS FOR EVALUATING THE LEADING BODIES. Hu Qili said: The Central Committee and the Central Commission for Guiding Party Rectification have long, clearly and definitely pointed out that the responsibility for leading second-stage party rectification work rests with party committees of all provinces, autonomous regions, and municipalities, and with the party committees and leading party groups of various central and state organs, including the departments, ministries and commissions, and that the Central Committee and the Central Commission for Guiding Party Rectification will provide guidance only in terms of important principles and policies. Second-stage party rectification is a complex task, covering a large area and involving a large number of people. We must emphasize responsibility at all levels, and set up a system of responsibility at every level. Central departments, ministries, and commissions must dispatch capable cadres to assist local party committees in ensuring successful party rectification work at the units under the dual leadership of the central departments, ministries, and commissions and the local authorities.



Hu Qili pointed out: The leadership of the leading body and particularly the principal leading comrades of a unit are the key to success or failure in its party rectification. The leading body of a unit will prove incapable and need readjustment if it fails to attach importance to such an important task as party rectification and fails to make improvements despite assistance from higher-level party committees. We should link party rectification closely with the evaluation and readjustment of leading bodies, and regard the results of party rectification work as an important basis for evaluating and readjusting leading bodies. We should also closely link party rectification with the selection of outstanding talented persons and with the building of the third echelon. Comrade Xiaoping said last year: "Party rectification will affect all basic-level units and enterprises next year. This is an extraordinary work and its success or failure will depend on whether or not we can discover a number of young talents." All prefectural and county level units must strive to find out truly outstanding persons of ability in the course of party rectification. When a unit has filled its leading body with outstanding persons, it will find its work easier, its reforms will stand a good chance of success, and its party rectification work will be greatly successful. We hope the current party rectification will enable the whole party to achieve new and important progress in making the cadre ranks become more revolutionary, younger in average age, better educated, and professionally more competent.

[XINHUA Domestic Service in Chinese at 0846 GMT on 14 July transmits a "public notice" which reads: "We hereby relay a message from the Central Commission for Guiding Party Rectification as follows: All newspapers, please publish in a prominent place on the front page on 15 July the item to be transmitted today on Hu Qili's important speech at a meeting on second-stage party rectification work of five provinces and one autonomous region held by the Central Commission for Guiding Party Rectification. Thank you."]

#### JINGJI RIBAO COMMENTATOR ON COMMUNIST MORALITY

HK120901 Beijing JINGJI RIBAO in Chinese 29Jun 85 p 1

[Commentator's article: "Toadying Is Not the Moral Character of a Communist"]

[Text] Some leaders do not now uphold principle. They go along with the erroneous views of a small number of people just to please them. They stop at nothing to satisfy the irrational demands of certain people of a given unit or department in regard to matters of welfare and pay. This does not indicate a concern for the masses. Instead, it is a way of injuring the interests of the party and the people to curry favor with a number of people. Such a practice runs counter to the moral character of a communist and must be resolutely resisted and rectified.

A common argument advanced by those comrades following the practice is that "I am promoting the welfare of the masses." This can hardly be justified. What do the interests of the masses mean? As a famous saying from Lenin goes, "The party has always been and cannot help being the representative of conscious workers and is not the representative of non-conscious workers. Purposefully adjusting to the backwardness of workers is the most dangerous and wicked thing." Due to the limitations of subjective and objective factors, some of the people are often liable to pursue immediate, partial, and individual interests. They do not understand or pay inadequate attention to long-term, overall, and collective interests and are not good at handling the relations between interests in these two respects.

A leader's duty is to guide them so that they can take the whole situation into consideration, look far ahead, see their own interests in the overall interests of the state, consciously serve state and collective interests and link state and collective interests with personal interests. At present, people must plunge into the stream of things, commit themselves to modernization and economic reform, and wholeheartedly work for the realization of the great goal of a more powerful and wealthy state and a more prosperous people. If a leader does not act this way and instead undermines the foundations of the state and injures the overall interests of modernization to satisfy the wishes of a small number of people, and one-sidedly pursues material interests, he may somehow be benefited temporarily. But he is also among the masses whose personal interests will ultimately suffer. For this very reason, most of the cadres and the people have criticized those leaders obsessed with a desire to curry favor and have keenly demanded an end to this erroneous trend as quickly as possible. Even those comrades relatively attentive to and mindful of personal interests will also in turn criticize those leaders bent on pleasing them, given increased consciousness.

Of course, the present emphasis on the need to take the whole situation into consideration does not in the least mean paying no attention to the personal interests of the masses. By this, we mean that we should analyze demands coming from the lower levels. Those rational and legitimate demands must be met in a down-to-earth manner. Those irrational and illegitimate demands cannot be accommodated and must be properly taken care of with reasons for refusal clearly spelled out. Concerning those demands which are rational but incapable of being immediately met due to limitation imposed by objective conditions, we must be guided by the CPC Central Committee's general line and specific policies and try to create conditions for their gradual realization. In no way can we freely open "the mouth" and make a promise. Still less can we act on our own and seek to please a number of people in violation of relevant policies.

It must be pointed out that some leaders' seeking to please a small number of people in a given unit is entirely prompted by selfishness. In order to "keep out of trouble" and "avoid losing votes," some comrades, simply try to please people no matter what the merits of the major issues they face. When they clearly hear some people air improper and even wrong views, or when they see some people do something incorrect or commit acts in defiance of law and discipline, they refrain from criticizing or stopping it. Instead, they even play along and go with the flow. The leading comrades of some areas and units openly acted against the CPC Central Committee's prohibitions some time ago and freely set about expanding their staffs, increasing the number of organs, creating nonexistent posts and jobs for assistants, and promoting people to a higher rank or grade in a sudden and impulsive manner. After the CPC Central Committee handed down a directive about rectifying such an unhealthy trend, they still refused to correct themselves. Instead, they wanted to present a fait accompli before the wage reform, so that the comrades of a given unit could reap more actual benefits and praise them for their "concern over the masses." These comrades seeking to curry favor with others are actually sacrificing party principles and injuring state interests to gain benefits for themselves. This way of thinking or practice has nothing in common with the lofty character of a selfless communist.

Comrade Hu Yaobang said: "For every one of us communists, should it after all be a case of devoting main energies to the struggle for national prosperity and strength? Or should it be trying by every means to fight for personal interests and for an increase in a small unit's income? This is a major issue." "Anything done to serve the private interests of individuals and small groups in disregard of the interests of the state and the people is an evil practice. Involvement with such an evil practice is synonymous with the lack of party spirit."

As party cadres, you should entirely refrain from pleasing others in every way out of a desire for personal gains and from leading others onto the wrong path of competing with the state for gains and serving private ends at the expense of the public. If you are really promoted by concern for the masses, then you should strictly act according to the principle of party spirit and actually do a few things beneficial to the state and the masses of people, and live a life which will be praised by your successors.

HU QIAOMU ON CARRYING FORWARD PATRIOTIC SPIRIT

HK121558 Beijing ZHONGGUO QINGNIAN BAO in Chinese 3 Jul 85 pp 1, 2

[Article by Hu Qiaomu: "Carry Forward Patriotism"]

[Text] The Jilin Provincial Science Publishing House has asked me to write a few sentences for the collection "My Chinese Heart." I am very happy to have this honorable task because I not only have the same Chinese heart as characters in the book have, but also have the same youthful heart as the editors and readers of the book have.

"My Chinese Heart" is a collection of six books on patriotism. The collection talks about the advanced deeds of scientific workers, Overseas Chinese, returned Taiwanese, comrades who have contributed to the construction of the border areas, and foreign friends who have made important contributions to the Chinese revolution and Chinese construction, thus covering a wide range of fields.

For over 100 years since 1840 when the Opium War broke out, there have been millions of people who have made contributions to the liberation of the Chinese nation and the independence and prosperity of our motherland. There are also millions of people who are presently making contributions to the construction of our socialist modernization on all fronts with a lofty spirit. Foreign friends from all the continents have also made important contributions to the liberation of the Chinese nation and to the cause of Chinese construction from various angles and in various ways. Many of them have devoted their energies of a lifetime and even their own lives to the liberation of the Chinese nation and to the cause of Chinese construction. The entire Chinese people will forever be grateful and respect their great spirit of patriotism and internationalism. It is a sacred task of our editors, publishers, newsmen, writers, and artists to truthfully depict their advanced deeds and to portray their glorious images in various forms and in a rich, colorful, and passionate way so as to encourage today's youth to carry out the construction of our socialist modernization with great revolutionary enthusiasm, and so they will study and work wholeheartedly and devote their lives to the prosperity and construction of our motherland.

The collection is imbued with a strong and sincere love for China and the Chinese people. The Chinese nation has never declined and has never yielded to foreign invasions in its history of several thousand years. This epic history makes people feel miserable, grievous, and indignant, but also inspires people with enthusiasm. It has been written by the Chinese people with their own tears and blood and with a lofty patriotic spirit. Facing death unflinchingly before enemy's bayonets and guns, believing that the existence and interests of the motherland are more important than their own lives, not becoming slack in morals when they gain riches and honor, not becoming uneasy when they are poor and lowly, and not allowing themselves to be subdued by force are the most valuable national characteristics of the Chinese people.



The Chinese Communists are the most excellent representatives of this national character. The Communist Party of China was founded when the nation's existence was threatened. Generation after generation of communists have grown up in the patriotic cradle of the people. They have combined patriotism with communism in revolutionary practice, united the broad masses of people to fight indomitably for the existence and development of the motherland and the nation, defeated all the internal and external enemies, and overcome various unimaginable difficulties. No matter how bad the situation was and no matter how big the setbacks and sacrifices were, our party has always carried on its struggle until it has finally become the strong leading core in the construction of China's socialist modernization. In today's China, communism not only conforms with patriotism, but is also the greatest development of patriotism.

The patriotic spirit was not only the spiritual motivating force which encouraged us to score victories in the past, but is also the spiritual motivating force in the construction of the socialist modernization and the development of China. At present the core of the patriotic spirit is to adhere to the party's leadership and love the new socialist China under the leadership of the Communist Party. Comrade Deng Xiaoping once said: "Some people say that not to love socialism does not mean not to love the motherland. How can we say that the motherland is an abstract concept? If we do not love the new socialist China under the leadership of the Communist Party, what should we love? We do not demand that all the patriotic fellow countrymen in Hong Kong, Macao, Taiwan, and foreign countries support socialism, but at least they should not oppose the new socialist China; otherwise, how can they be called patriotic fellow countrymen?"

At present, one of the important aspects of patriotism is to stick to the self-confidence and self-respect of our Chinese nation in opening the country to the outside world, importing the advanced science, technology, management experiences, and administrative experiences of foreign countries, and strengthening our friendly relations with the people of various countries of the world. We will never and should never forget the humiliation of being a conquered people, the blood shed by the martyrs who fought for our national independence, and the blood shed and contributions made by the foreign friends who supported China's progressive cause and revolutionary cause.

In his opening speech at the 12th National CPC Congress Comrade Deng Xiaoping said: "The Chinese people value friendship and cooperation with other countries and other peoples, but at the same time, value even more their right to maintain independence and keep the initiative in their own hands, which has been obtained after a long struggle. No foreign country can expect China to become its dependent and swallow bitter fruit which will harm China's own interests." This is not only the pledge of Chinese Communists, but also the sacred duty and responsibility of all patriotic citizens. To love our motherland and devote ourselves to the construction of our socialist motherland are the greatest honor. To harm the interests, dignity, and honor of our socialist motherland is the biggest shame. This is the rudimentary morality of a Chinese.

The Chinese people have backbone and high aspirations. When we were poor, we had backbone and high aspirations. In the struggle to change the poor and backward situation, we had backbone and high aspirations. After we gradually become rich, we will still have backbone and high aspirations. The second volume of the collection gives an account of some of our country's students and visiting scholars who used to live and study in foreign countries.

When they had made academic achievements, they did not waver in face of the temptation of honors, materials, and various types of preferential treatment. They said resolutely: "My motherland is China and my career is in China." "I am a Chinese." From these ordinary Chinese intellectuals, foreign friends have come to realize: "The word 'motherland' can not only be found in a dictionary, but can also be found in the heart of a Chinese." "The Chinese nation is really an amazing nation." If we maintain and develop such a patriotic spirit generation after generation, our lofty ideal of enabling our socialist China to become one of the advanced countries in the world will certainly be realized.

I also want to take this opportunity to express a Chinese citizen and CPC member's gratitude and respect towards the author, the editors, and the publisher of this collection, towards the comrades who have been arduously carrying out the education and propaganda on patriotism, and towards all the foreign friends who have supported or are presently supporting the Chinese revolution and Chinese construction.

#### RENMIN RIBAO COMMENTATOR ON LOFTY IDEALS

HK121400 Beijing RENMIN RIBAO in Chinese 4 Jul 85 p 1

[Commentator's article: "The Strength of Lofty Ideals"]

[Text] The touching article entitled "Facing Life at the Age of 20" has introduced the deeds of heroic fighters Chen Hongyuan, Shi Guangzhu, An Zhongwen, and Zhang Chuan, who were wounded at Lao Shan and Zheyin Shan battles. They all fully deserve the honor of "the most beloved people of the 1980's."

An old saying states: "It is easy to die a martyr's death, but it is difficult to go to one's death unflinchingly." This saying does not intend to play down martyr's death or the great honor of giving one's life for the country; instead, the saying emphasizes that it is difficult to act conscientiously and "go to one's death unflinchingly." It is indeed very appropriate to liken the severe test faced by these comrades after being wounded to "going to their deaths unflinchingly."

On the battlefield, they were heroes who feared nothing and who were ready to give their valuable lives at any time for the motherland. They have done their best and have shed blood. However, their moving deeds on the battlefield are just a prelude. As they lay ill in bed, they have to face tests which are more severe than death: blindness, severed limbs, and physical and mental suffering. How do they deal with these types of suffering which are hardly imaginable and are intolerable to ordinary people? Heroes are human beings. They are made of flesh and have human thoughts and feelings. When they think about the inconveniences that they face after being wounded, or the variety of difficulties that they will face in their lives and work, they will inevitably feel perplexed. Sometimes they may even be so pessimistic that they want to commit suicide. However, heroes are heroes. They act boldly. Being high-spirited and energetic, they once again take the road of life. Not only do they hopefully plan for their future, but they start without the least hesitation their new journey on the road of life.

What made these young people, who are in their early 20's and are ordinary fighters, become heroes who fear nothing and strong men? Quoting a well-known saying by Mr Lu Xun in the 1930's, this is because of "the glory of the ideals in their hearts." ("Further Discussion on the Collapse of Leifeng Tower") It is just as the fighters said: I am a son of the motherland and it is my duty to dedicate myself to the services of the motherland.

Lofty ideals are their mental pillars. Blindness has thrown them into a pitch-dark environment, but their hearts are bright and crystal clear, and they are full of hope. Communist ideals and faith, as well as zeal to serve the motherland and the people, have penetrated their fighting, lives, and work in such a way that they have become strong men who are brave in directly facing life. Ideals are sails of our life. They lead the boats of our life to the light on the other shore.

These four brave and strong men have shown us the power of ideals and faith. Throughout extremely difficult conditions in the past, we depended on lofty ideals and communist faith while experiencing all kinds of hardships and struggling hard. Therefore, we won a revolutionary victory and made progress in construction. Now, in order to realize the lofty goal of quadrupling the output value and the four modernizations, we shall inevitably encounter many new questions and new problems. We must draw lessons from "the most beloved people of the 1980's." We must always bear in mind lofty ideals, strengthen our great faith, and struggle as hard as before to overcome all difficulties in our way. Both ideals and faith will give us inexhaustible power and will lead us to more toward a bright future.

#### COUNTERFEIT DRUGS IN FUJIAN PREFECTURE EXPOSED

OW140158 Beijing XINHUA Domestic Service in Chinese 1312 GMT 13 Jul 85

[Open letter from the CPC Central Committee Discipline Inspection Commission to the Jinjiang Prefectural CPC Committee and the Jinjiang Administrative Office Leading Party Group]

[Text] Beijing, 13 Jul (XINHUA) -- The Jinjiang Prefectural CPC Committee and the Jinjiang Prefectural Administrative Office Leading Party Group, in care of the Fujian Provincial CPC Committee:

Certain enterprises in Jinjiang Prefecture have been producing large quantities of counterfeit drugs and are marketing them in all parts of the country through various channels opened with bribes. Such brazen violations of party discipline and state law and such seriously unethical and vile acts have been going on in your prefecture for a long time. As leading party and government organs, you, the Jinjiang Prefectural CPC Committee and the Jinjiang Administrative Office, as well as the Jinjiang Discipline Inspection Commission, have actually been ignoring such phenomena and permitting them to go unchecked; you even have commended the townships and towns that have manufactured large quantities of counterfeit drugs to harm the people. You must therefore seriously examine your leadership and the heavy responsibilities for such a serious situation.

It has been more than a month since the newspapers publically exposed Jinjiang's manufacture and sale of counterfeit drugs. In addition to examining your responsibilities, you must seriously deal with the personnel concerned according to party discipline, administrative measures, and the law. If any party members have participated in manufacturing the counterfeit drugs, they must, in accordance with the seriousness of their cases, be punished, or even expelled from the party, according to party discipline. Those who have offended the law must be handled by judicial departments. The responsibilities of the relevant party organs and leading members must also be investigated. The results of your investigation and handling must be reported to the Central Discipline Inspection Commission.

[Signed] The CPC Central Committee Discipline Inspection Commission 13 July 1985



## Fujian Takes Corrective Measures

OW150614 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 14 Jul 85

[Text] The Jinjiang Prefectural CPC Committee and the Jinjiang Prefectural Administrative Office held a joint emergency meeting on the evening of 13 July. At the meeting, they seriously conveyed to the participants an open letter from the Central Discipline Inspection Commission to the Jinjiang Prefectural CPC Committee and the Jinjiang Prefectural Administrative Office Leading Party Group on the sale of counterfeit drugs in Jinjiang Prefecture. The participants at the meeting unanimously supported the serious criticism by the Central Discipline Inspection Commission. At the joint emergency meeting, the prefectural party committee and the Prefectural Administrative Office made four decisions:

1. To study seriously the open letter from the Central Discipline Inspection Commission and further unify people's thinking;
2. To set up a leading group to investigate and handle the Jinjiang counterfeit drugs case, strengthen a working group with a number of cadres transferred from the departments concerned, station the working group at (Chendai) Town where the manufacturers of counterfeit drugs is concentrated, and make a thorough investigation of the counterfeit drugs case;
3. To help the party committee, government, and Discipline Inspection Commission of Jinjiang County and the party committee of (Chendai) Town sternly deal with the persons involved in the manufacture of counterfeit drugs, in accordance with the instructions of the Central Discipline Inspection Commission and according to party discipline, government regulations, and the law; and at the same time, do a good job in making restitution;
4. To issue a circular calling on party organizations and governments at all levels in the prefecture to organize party members, cadres, and people to study seriously the open letter of the Central Discipline Inspection Commission, and educate all cadres in observing law and discipline and upholding social ethics.

JOINT CIRCULAR ON PROHIBITING COUNTERFEIT ITEMS

OW142057 Beijing XINHUA Domestic Service in Chinese 1142 GMT 12 Jul 85

[Text] Beijing, 12 Jul (XINHUA) -- The State Economic Commission, the Ministry of Light Industry, the Ministry of Commerce and the State Industry and Commerce Administration jointly issued a "Circular on Firmly Prohibiting the Sale of Defective Parts and Accessories and Imperfect Trademark Labels by Various Enterprises" on 2 July. The circular calls on departments concerned at various levels to strengthen control and resolutely prohibit selling defective parts, accessories, and trade mark labels in order to crack down on criminal offenders' activities and to protect normal economic order and consumers' interests.

The circular pointed out: Since last winter, manufacturing counterfeit products and selling them at a profit has become rampant in some localities. At present, counterfeit commodities even include television sets, motor vehicles, and other expensive durable goods and means of production, as well as watches and bicycles. One of the reasons for the emergence of this situation is that many enterprises have sold large quantities of defective parts, accessories, and trademark labels. Those defective parts, accessories, and trademark labels have provided conditions for criminal offenders to manufacture and sell counterfeit commodities, created a new unhealthy tendency in the economic field, hurt the state and consumers' interests, and disrupted social and economic order.

In order to resolutely stop this unhealthy tendency, the circular made the following stipulations:

1. Economic commissions at various levels and other departments concerned should seriously inspect enterprises under their jurisdiction, ensure that those enterprises will operate correctly, and strive to raise product quality, and prohibit selling of imperfect parts, accessories, or trademark labels for illegal profit. This is in order to protect the state and consumers' interests.
2. Defective parts and accessories created during production at various enterprises should be recovered and handled strictly in accordance with the procedure for handling waste materials. They must not be sold in any form. Commercial enterprises are not permitted to buy or market those items for enterprises. Imperfect parts and accessories procured by waste materials recovery departments must be handled as waste materials according to related regulations and must not be marketed. The proceeds of those units which sell imperfect parts and accessories in violation of regulations will be confiscated by industrial and commercial administrative authorities. Serious offenders will be fined.
3. Defective parts produced by various enterprises may be used as lower grade products according to state criteria, but they must be clearly marked as to their appropriate grades and repriced by pricing departments before they can be marketed.
4. Various enterprises are not allowed to sell their own trade mark labels and packing materials with trademark labels. Enterprises violating this stipulation will be reported by industrial and commercial administrative authorities and fined. In serious cases, their trademark will be rescinded.
5. Imperfect trade mark labels produced by trademark printing units must be thoroughly destroyed. Units or individuals who sell imperfect trademark labels are to compensate the losses of enterprises concerned. Their illegal income will be totally confiscated. They will also be fined an amount not exceeding their illegal income. In serious cases, judicial units are to investigate and affix their criminal responsibility.
6. Selling of parts and accessories by state and collective enterprises or individual businessmen and repair units must be licensed by industrial and commercial administrative authorities. Those enterprises and individuals must operate strictly according to the scope of their work and must not assemble parts into finished products for sale or resell parts and accessories for profit.
7. In principle, industrial and commercial administrative authorities should destroy discovered counterfeit commodities on the spot. As for those actually useful counterfeit items, their trademarks and packing labels must be removed in accordance with the stipulations of the "Procedure of Implementation of the Trademark Law," examined by departments concerned, and repriced for sale according to their value.
8. Illegal income confiscated in accordance with the above stipulations should be turned over to the state treasury in accordance with the related state regulations.

In conclusion, the circular says: Economic commissions and departments concerned at various levels should strengthen leadership over this work and support industrial and commercial administrative authorities in enforcing their duties. All units and individuals must not create obstacles or interfere in the work of industrial and commercial administrative authorities. Industrial, commercial, postal, and public security departments should closely cooperate in order to facilitate implementation of the above-mentioned measures.

BAN YUE TAN SYMPOSIUM ON COUNTERFEIT PRODUCTS

OW141426 Beijing XINHUA Domestic Service in Chinese 1302 GMT 10 Jul 85

[By Reporter Ren Jiaji]

[Excerpts] Beijing, 10 Jul (XINHUA) -- The journal BAN YUE TAN yesterday invited responsible persons of seven departments of the central government to attend a symposium on curbing counterfeit products. Leading comrades attending the meeting called on producers, dealers, consumers, and administration departments at all levels to take coordinated actions to resolutely check the evil practice of producing and dealing in counterfeit products in order to safeguard socialist business ethics and consumers interests.

Comrades attending the meeting pointed out that the existence of so many counterfeit products is due to the fact that some producers and dealers had deviated from the socialist course, they tend to forget their integrity under the temptation of personal gains, and they try to seek exorbitant profits by hook or by crook.

The symposium maintained that, in order to check this evil trend, we must mobilize the public to deal with the problem in all possible ways. Ji Long, vice minister of light industry, said: Factories and enterprises should straighten out their concept of doing business and make efforts to improve product quality. Damaged parts of industrial products must be recalled and treated as scraps, and must not be sold in any way. Selling trade should be strictly prohibited. Han Tailin, director of the Commerce Administration Department of Ministry of Commerce, said: All commercial departments and supply and marketing cooperatives are not allowed to deal in counterfeit products. If counterfeit products are found to have been sold, the buyers should promptly be given replacements. They should tighten inspection when purchasing goods in order to prevent counterfeit products from entering the market. Huang Haiguang, deputy director of the Village and Town Enterprise Bureau of the Ministry of Agriculture, Animal Husbandry, and Fishery, said: We should take concrete steps to promote education on vocation ethics and the legal system among cadres and workers, and follow a correct concept in production and management. We suggest that the state promulgate as soon as possible regulations on controlling pharmaceutical products, and strictly put into force the procedures for approving the establishment of factories.

Jin Tongzhen, deputy director of the State Pharmaceutical Administration said: Pharmaceutical departments at all levels and the pharmaceutical industry should conduct a general inspection on the quality of pharmaceutical products. All products not meeting established quality standards are not allowed to be produced, shipped out of the factory, included in the prescription, marketed, purchased by dealers, or used. Enterprises producing sub-quality pharmaceutical products should be ordered to improve within a specified period of time. They should not be allowed to resume production if they fail to meet established standards. Feil Kailong, deputy director of the State Administration for Industry and Commerce, urged industry and commerce administration organs at all levels to give full play to their role of overseeing and controlling business activities, and to cooperate closely with public security, procuratorates, courts, and other departments concerned in order to safeguard legitimate business activities and the state's and consumers interest. He said they should take stern and swift actions to crack down on criminal activities of making counterfeit trademarks, and curb all activities of infringing on trademark rights. Fei Zongwei, vice president of the Economic Chamber of the Supreme People's Court, said: Consumers who have bought counterfeit products have the right to ask vendors and producers to compensate for economic losses. In case of disputes, they have the right to sue these distributors. All counterfeit products found should be sealed or destroyed, and illegal profits earned by producers and dealers should be confiscated.



Those found to have acted against the law will be strictly handled. Wang Jiangyun, secretary general of the China Consumers Association, called for taking active measures to support consumers to set up a public supervision program to help cope with the problem. He said consumers are the direct victims of counterfeit products. Only if everyone keeps a close watch on counterfeit activities will they have nowhere to hide.

BAN YUE TAN ON DEMANDING MONEY FROM PEASANTS

HK121542 Beijing BAN YUE TAN in Chinese No 12, 25 Jun 85 pp 16-17

[Article by Huang Zhenggen and Wu Zheng: "Do Not Demand Money From the Peasants Without a Good Cause"]

[Text] The departments of some localities in the rural areas are currently taking advantage of the reform to start a "fund-raising craze" of demanding money from the peasants under the pretext of "doing things in a big way." There are names of every description for the funds collected. The number of units demanding money are many, and the sums are by no means small. As a result, the peasants are heavily burdened. Such a phenomenon calls for the attention of the leading cadres in all localities.

According to an investigation, the peasants of one region have been asked to "raise funds" for more than 10 items under the pretext of "doing things in a big way." The funds raised were apportioned on the basis of land acreage, again on a per capita basis in some cases. Every household had to turn in the money as apportioned. Some departments were particularly ambitious and aimed at a target of thousands and even hundred thousands of yuan.

This is an unhealthy tendency of egalitarianism and an indiscriminate transfer of resources emerging under the new situation! The peasants have strong resentment against such apportioning of "raised funds," which are demanded of them without convincing explanations and against their will. Some peasants say: "Things were done in a big way in the past, which brought us disasters. Today, with this type of fund-raising, we are made to suffer again."

Why should such a "fund-raising craze", have emerged in some places? There are mainly three reasons: First, some cadres have become lightheaded under the excellent situation. They hold that now that the peasants are getting rich, "it means very little to slice a piece from the peasant's pie." But when this is continuously done, it becomes a heavy burden on the peasants. Second, some leading cadres have not thoroughly eliminated the "leftist" influences in their minds. The disease has recurred under the new situation. They want to do things in a big way in every field. What they hope is to show off the "accomplishments" in their own work, not taking into consideration the actual needs, wishes, or burdens of the peasants. Third, a handful of people are attempting to squeeze money out of the peasants under the pretext of "from the people, for the people," while actually seeking personal interests or the interests of a small group.

Although such unhealthy tendencies have emerged in some areas, we should not lose our vigilance. By no means should we turn a blind eye to them. Because of the relaxation of policies since the 3d Plenary Session of the 11th CPC Central Committee, the peasants have gained many substantial benefits.

Such arbitrary demands for money from the peasants will weaken or counter the benefits the party policies have brought them. It will inevitably dampen the enthusiasm of the peasants in expanding their production and affect their faith in the party's policies. Therefore, it is not only an economic problem but a grave political one.

China has made comparatively fast development in agriculture. The peasants have increased their income and their standard of living has universally gone up. However, in regard to the whole country, the "10,000-yuan households" are still few. There is still 20 percent of the rural population whose net income is below 200 yuan. They can only maintain simple production. Another 9 percent of the rural population is still on the verge of starvation. In 1985, the Ministry of Civil Affairs alone is allocating a relief fund of 600 million yuan to "old liberated areas, minority nationality regions, border regions, mountainous areas, and poverty-stricken areas." Even in such economically developed regions in which the peasants have a higher income, such as the Chang Jiang delta region and the Zhu Jiang delta region, the peasants still have to correctly handle the relationship between consumption and accumulation between food and construction. Only when we have a correct estimation of the whole rural situation will it be possible for us to be level-headed and to refrain from sudden impulses and blindness in our actions.

We should continue to eliminate the pernicious influence of "leftism" and draw a lesson in earnest from the historical experiences of "doing things in a big way," going in for formalism, and seriously violating the peasants' interests and hurting their feelings. We should resolutely refrain from those projects which are not needed. Regarding those undertakings of a production and welfare nature which are really needed and involve fund-raising from the peasants, they should be done starting from the actual local conditions on a voluntary basis according to ability. They should not be done by exceeding the endurance of the peasants. We should not resort to coercion and commandism. We should refrain from competing with each other in regard to progress and quotas, and from a fancy work style. It is necessary to carry out party principles and policies in earnest. We must refrain from drawing up "local policies" and arbitrarily increasing the peasants' burden. Document No 1 of 1984 issued by the Central Committee stipulated: The expenditures for all undertakings run by the people with government support, such as education, planned parenthood, militia training, special care to disabled servicemen and to family members of revolutionary martyrs and servicemen, and communications in the rural areas, as planned by the departments concerned under the CPC Central Committee and the State Council, should be based on the economic conditions of the peasants. The township people's congress should propose a budget for the fixed items and norms for the examination and approval of the county people's government, to be allotted to the grass-roots units for their overall planning and use on an annual basis. No additional budget should be proposed arbitrarily during the fiscal year. Expenditures will no longer be covered by retained profits of collective units. The maximum norm for the expenditures in the overall plans should be determined by suiting measures to the local conditions of various provinces, regions, and municipalities. No other departments should apportion any other expenditures to the peasants.

The peasants have the right to refuse, to expose, and to appeal to governments at higher levels irrational apportioning of raised funds. The party's discipline inspection departments should expose them and investigate and handle those cases in earnest.

STATE COUNCIL PLANS TO CONTROL 'HIGHWAY ROBBERY'

HK130432 Beijing CHINA DAILY in English 13 Jul 85 p 1

[Text] Plans to tighten control on road management have been announced by the State Council in a bid to stamp out a devious form of "highway robbery."

Some people have been erecting illegal checkpoint roadblocks. They then masquerade as road inspectors and using a string of excuses have managed to collect money from drivers. They have even dared to fine drivers for allegedly breaking traffic laws.

In an announcement, the State Council urged departments of transport and security, and other local government departments to tackle problems of road management. The State Council outlined measures covering official checkpoints and traffic fines. It said road inspectors' chief tasks were to prevent the violation of traffic laws, improve transport security, examine driving licences and stop smuggling.

The measures include: tightening up existing road checkpoint stations, enforcing the rules of forfeit, severely punishing those who intimidate drivers or accept bribes, and granting drivers the right to refuse inspection if an inspector does not produce his identity card. Checkpoints can not be built without approval from provincial departments of transport and security, the announcement said. And only in exceptional cases, should road inspectors stop vehicles outside checkpoints. The announcement said that violators of traffic rules must be fined according to the regulations, and all the money should be sent to the state. The money could not be kept by local units. China now has more than 6 million vehicles, most of which are used for commercial road transport, moving goods between rural and urban areas.

ILLEGAL BUYING OF FOREIGN CURRENCY UNCOVERED

HK140820 Beijing ZHONGGUO XINWEN SHE in Chinese 1235 GMT 11 Jul 85

[Text] Beijing, 11 Jul (ZHONGGUO XINWEN SHE) -- China is tightening control over foreign currency. The Discipline Inspection Commission of the CPC Central Committee, the Ministry of Foreign Economic Relations and Trade, the Auditing Administration, and the State Foreign Exchange Administration are making joint efforts to investigate and handle a serious case involving the illegal buying of foreign currency.

According to today's GUOJI SHANGBAO, the case involves a covert transaction and evasion of regulations governing foreign exchange earned from the export of corn between the Liaoning Provincial Cereals, Oils, and Foodstuffs Import and Export Corporation and the Shenzhen City Commercial Trading Company. The issuance of export licenses for corn, China's bulk export commodity, is handled by the Ministry of Foreign Economic Relations and Trade in a unified way. All foreign exchange earned from exporting the commodity should be turned over to the state, apart from the retained portion according to state stipulations. In January of this year, the Liaoning Provincial Cereals, Oils, and Foodstuffs Import and Export Corporation, using its export license for corn in the state plan, signed a contract with a Hong Kong trading company on exporting 10,000 tons of corn in the name of the Shenzhen City Commercial Trading Company and through the Liaoning-Shenzhen Trading Company (an institution jointly operated by the main factory of the Liaoning Provincial Cereals, Oils, and Foodstuffs Import and Export Corporation and the Shenzhen City Commercial Trading Company) which is under examination for approval.



The payment for the deal was settled in foreign currency in Shenzhen. After the export of the commodity was settled, the Shenzhen City Commercial Trading Company charged the earned foreign currency to its bank savings account in U.S. dollars and the illegally earned profits were shared between the parties concerned at an exchange rate of \$1 to 5.15 renminbi. The Liaoning Provincial Cereals, Oils, and Foodstuffs Import and Export Corporation got 60 percent of the share, the main factory of the Liaoning Provincial Cereals, Oils, and Foodstuffs Import and Export Corporation (a collective enterprise) 20 percent, and another 20 percent went to the Shenzhen City Commercial Trading Company. This is a completely typical case of violating the regulations of the state foreign exchange and license administrations, illegally buying of the state's foreign exchange, and of disruption the financial market.

In the course of discussion, the leaders of the Liaoning Provincial Cereals, Oils, and Foodstuffs Import and Export Corporation, knowing well that such a practice was illegal still sent a report to the provincial commission on foreign relations and trade for instructions, asking the commission's leaders "to bear responsibility for the corporation," "if the departments concerned inquire into this matter" and promised to hand over one-third of the profits to be earned to the provincial financial departments. Instead of stopping the dealing, some leaders of the provincial commission on foreign relations and trade endorsed and passed on the report to a certain leader of the provincial government for instructions. The leader went so far as to agree with the report. It has been reported that the basic facts of the case have been discovered and those involved in the case will be dealt with sternly.

#### EDITORIALS MARK ANNIVERSARY OF CPC FOUNDING

##### JINGJI RIBAO Editorial

HK150857 Beijing JINGJI RIBAO in Chinese 1 Jul 85 p 1

[Editorial: "Firmly Bear Socialism in Mind -- Hailing the 64th Anniversary of the Founding of the CPC"]

[Text] As we are celebrating the 64th anniversary of the founding of the CPC, let us look back on its history. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has led the people of all nationalities in achieving great successes in the socialist modernization program and economic reform, and has further enhanced our faith in the socialist cause and lofty communist ideals. Our party has also reminded us to effect a favorable turn in party style so as to ensure the smooth progress of construction and reform.

On the eve of 1 July Party Day, the Central Discipline Inspection Commission held a national work conference to exchange experience in straightening out party style. The conference studied and discussed Comrade Chen Yun's important speech, clearly defined the direction of party style, and deepened the understanding of the importance of straightening out party style. Comrade Chen Yun again exhorted the whole party to firmly bear in mind the cardinal issue of socialism while carrying out the modernization program and economic reform, and to correctly implement the principle of laying equal stress on both material and spiritual civilization. This instruction is of great significance to guiding the central work of the whole party.

The crucial question of reform is to arouse the enthusiasm of the people for socialism. In order to properly solve this problem, it is necessary to stress both material benefits and spiritual civilization.

Only in this way can the party's principles and policies be correctly implemented, can the relations between distribution according to work and carrying forward the communist spirit and the interests among the individual, the collective, and the state be properly handled, can we take the overall situation into account and eliminate the influence of "putting money above everything else" and other decadent bourgeois ideas, and can we maintain the fighting capacity of the party's ranks. Positive and negative experience and lessons have proved that reform cannot be a success without a fine party style. While concentrating our forces in building material civilization, we must never neglect the building of spiritual civilization. We must resolutely curb the unhealthy tendencies, straighten out the party style, enhance the party spirit of party members, and ensure and push forward our socialist economic construction with the building of spiritual civilization.

In his speech, Comrade Chen Yun pointed out: "We must raise the quality of party members and strengthen education in party spirit among party members." The fact that some party members went in for the new unhealthy tendencies in the latter half of 1984 shows their sense of communist ideals and serving the people has become blunted. Therefore, the fundamental question of party style is to strengthen education in party spirit and raise the quality of party members. We must lead the broad ranks of party members in integrating their lofty communist ideals with solidly and creatively doing their own job well, the purpose of wholeheartedly serving the people with the correct implementation of the party's principles and policies, and conscientiously abiding by party discipline and state laws with resolutely fighting against behavior that infringes upon the interests of the state and people. The process of education should be a process of straightening out party style. For this reason, education in party spirit should be systematic and also have a definite object so that the broad ranks of party members can integrate theory with practice and understand how to be a qualified party member in the new historical period.

Education in party spirit is our task for a long time to come. As it is impossible to eliminate the influence of foreign and domestic negative factors within a short period, unhealthy tendencies will emerge constantly. Therefore, we must unremittingly conduct education in party spirit and never slacken our efforts to combat and straighten out all kinds of unhealthy tendencies.

On the occasion of Party Day, we hope that all party members working on the economic Front will always remember our socialist cause and the purpose of wholeheartedly serving the people, push the work of straightening out party style to a new stage, and make strenuous efforts to effect a favorable turn in party style as quickly as possible.

#### GONGREN RIBAO Editorial

HK150626 Beijing GONGREN RIBAO in Chinese 1 Jul 85 p 1

[Editorial: "Enhance Awareness of Party Spirit, Uphold the Correct Orientation -- Hailing the 64th Anniversary of the Founding of the CPC"]

[Text] As we celebrate the 64th anniversary of the founding of the CPC, a "meeting to exchange experiences in the work regarding party style" convened by the CPC Central Commission for Discipline Inspection is concluding successfully. Comrade Chen Yun has published an important speech which serves as an order to mobilize the whole party to further improve party style, an appeal to party members to enhance their awareness of party spirit, and a guide for reaffirming the orientation of the reform of the socialist economic structure.

Reviewing our revolutionary course over the past 5 decades and more, we can see a basic rule -- whenever we adhere to a correct orientation and to the principle of seeking truth from facts, we are able to give full play to the initiative of the broad masses of people and the revolutionary cause develops. Whenever we deviate from the correct orientation and violate the principle of seeking truth from facts, the masses' enthusiasm is dampened and the revolutionary cause suffers losses or even fails. Therefore, our party has always attached importance to and placed particular stress on a correct orientation.

At present, the reform of the economic structure is being carried out smoothly along the correct track. The people throughout the country have shown great enthusiasm and a high degree of initiative toward the reform. We communists must highly treasure and actively bring their enthusiasm and initiative into full play and make sure that they develop in a correct direction. Showing great foresight, Comrade Chen Yun has repeatedly admonished us: "It is necessary to remind our comrades in the whole party that we are striving for a socialist cause and our ultimate goal is the realization of communism. This is very important." He particularly emphasized that the economic construction we are engaged in is socialist economic construction and the economic structural reform that we are carrying out is socialist economic structural reform. He reminds every party member that it is necessary to staunchly uphold the socialist orientation. This is a really timely reminder urging the party to lead the masses in properly carrying out the reform of the economic structure and striving for the successful fulfillment of the general task and goal.

The CPC is the leading force in socialist construction and every CPC member should play a leading role in building socialism. Whether a party member can adhere to the socialist orientation and whether he can lead the broad masses in carrying out socialist economic structural reform are the important criteria for the evaluation of a party member's party spirit. If a party member deviates from the socialist orientation both in words and in deeds and forsakes the ideals of communism, he not only fails to lead the masses in making progress, but endangers the party's and the people's cause. He himself will go astray along the capitalist road. This is a rule which has been proved by a host of facts. In the drive to crack down on serious economic crimes, more than 14,000 party members were expelled from the party. Some county CPC committee secretaries were even sentenced to death. This is a distressing fact which calls for deep thought.

Therefore, in order to ensure the socialist orientation of the reform of the economic structure and give full play to the enthusiasm and initiative of the masses, we must cultivate a good party style and enhance the quality of our party members. It is necessary to strengthen education in party spirit and teach every party member to be honest in performing his official duties, be brave in the fight against evil practices, keep in line with party spirit, and carry out a struggle against all phenomena that deviate from the socialist orientation. So long as our party members can fulfill these requirements, those who try to sabotage the reform while flaunting the banner of reform and those who are seriously affected by a bureaucratic work style and seek personal interests by using their official power will have no chance to play their tricks.

By and large, under the circumstances of reform, we especially need to enhance all party members' awareness of party spirit and staunchly uphold the socialist orientation. Only in this way can we give full play to all positive factors and win the victory in the reform of the economic structure and the cause of socialist modernization.



I. 15 Jul 85

K 21

CHINA  
PRC NATIONAL AFFAIRS

MINISTRY LAUDS SHENYANG INDUSTRIAL MANAGEMENT

OW121217 Beijing XINHUA Domestic Service in Chinese 0751 GMT 9 Jul 85

[By XINHUA reporter Yang Like and ZHONGGUO JIXIE BAO reporter Li Peisen]

[Excerpts] Beijing, 9 Jul (XINHUA) -- At a meeting on invigorating large and medium-sized enterprises and promoting reform of the machine-building industry management system which ended in Beijing today, the Ministry of Machine-Building Industry spoke highly of the system of the director of a factory taking responsibility for fulfilling planned work objectives during his tenure of office. The system is being practiced by the Shenyang City Bureau of Machine-Electrical Industry.

Under the system, the director of a factory is required to set the objectives of development of the factory's various undertakings during his tenure of office while taking into consideration the actual situation in the factory. The objectives will be discussed by a workers congress before they are submitted to the bureau leadership for examination and approval. Then, the factory director and the bureau's leading group will sign a contract on the implementation of the system whereby the director takes responsibility for fulfilling the planned work objectives during his tenure of office. The contract stipulates: The director of the factory will be given moral encouragement and certain material rewards and may be reappointed if he fulfills the planned work objectives. He will be put on probation for 1 year if he fails to fulfill the objectives, and will be removed from office if he fails to make progress during the period of probation. He will be held responsible for any major accidents and economic losses caused by poor leadership on his party.

ZHAO MINSHENG ON POOR QUALITY OF MACHINERY

OW121215 Beijing XINHUA Domestic Service in Chinese 0838 GMT 9 Jul 85

[By reporter Yang Like]

[Text] Beijing, 9 Jul (XINHUA) -- Zhao Minsheng, vice minister of the machine-building industry, addressed a meeting on invigorating large and medium-sized enterprises and promoting reform of the machine-building industry management system which ended today. He pointed out that the machine-building industry should particularly pay attention to overcoming the tendency of blindly seeking high growth rate and overlooking the quality of products.

Zhao Minsheng said: At present, the growth rate of the machine-building industry is pretty high, but the quality for some of its products has gone down. According to an inspection of 1,739 major products conducted in the first quarter of this year, 6 percent, or 103 of the products, were not as good as before in quality. In the first half of this year, 23 mechanical and electrical products lost their ministry-awarded good-quality titles due to failure to maintain good quality. Especially serious is that even mechanical and electrical equipment needed for key state construction projects have caused some accidents due to poor quality. In particular, the power generating equipment put into operation this year, with a total capacity of 5 million kilowatts, showed many quality problems in the course of assembling.

Zhao Minsheng pointed out: These problems cannot be justified. They are caused primarily by poor management, undue emphasis on high output, and failure to adhere to technological regulations. We must keep this lesson firmly in mind, never repeat these mistakes, and develop production while truly ensuring good product quality.

PORT CONSTRUCTION PLANS FOR NEXT 5 YEARS

HK120423 Beijing RENMIN RIBAO Overseas Edition in Chinese 9 Jul 85 p 3

[Report by Zhang Pingli: "Responsible Person of Ministry of Communications on Major Port Construction in 5 Years"]

[Text] A responsible person of the PRC Communications Ministry told our reporters recently that China planned to build 160 berths for ships of 10,000 tons displacement at major coastal ports in the 1980's and that 30 percent of this plan would be completed by 1985.

At present, China has more than 300 large, medium, and small berths along its coast, of which only 150 or more are deepwater berths for ships of 10,000 tons displacement. Therefore, the shortage of handling capacity of ports has become a conspicuous problem for the communications and transportation departments. In order to solve this problem, 54 new berths were built in the period of the "Sixth 5-Year Plan," more than 100 new berths are expected to be completed in the period of the "Seventh 5-Year Plan," and by 1990, the total number of deepwater berths at major coastal ports will increase to about 300.

The responsible person of the Ministry of Communications said: During the 1980's in port construction, China will focus its attention on solving the problem concerning transport of energy-related materials and foreign trade commodities, namely, expanding the capacity for transportation of coal produced in the north to the south and for coal to be exported, and building berths for container liners exporting various goods from south China, Shanghai, Beijing-Tianjin, and the northeast economic zones. Since the container pier at the new Tianjin port was put into use, the container piers in the Shanghai, Whampoa, and Dalian ports have also been put into use one after another. Meanwhile, a number of berths for container transport have also been under construction or reconstruction in Zhanjiang, Xiamen, Qingdao, and Qinhuangdao. The annual container transport capacity of coastal ports will total 850,000 standard containers this year and will rise to 1.3 million standard containers by 1990.

COMPARISON OF LIAOWANG COMMENTATOR ON OVERALL VIEWPOINT

Beijing LIAOWANG in Chinese No 26 on 1 July carries on page 4 a commentator's article entitled: "The Entire Party Should Take the Whole Situation Into Account." This commentator's article has been compared to the XINHUA Domestic Service version published on page K 6 of the 1 July China DAILY REPORT revealing the following additions:

After paragraph four add: A common saying goes: "When the main stream is low, the small streams run dry." Some of our communists and party leading cadres often place their partial interests first and indulge themselves in selfish departmentalism, cliquism, and localism. They are keen on gaining petty advantages at the expense of the overall interests. There have been too many such instances in the previous historical stages and in the course of the ongoing economic reforms. Here, we should review Comrade Chen Yun's remarks in his article "Cadres Should Set Strict Demands on Themselves": "It is necessary to realize the overall interests and take them into account. If one can only see one's own part of the work, one will easily commit selfish departmentalism and will thus harm the overall interests."

After paragraph five add: It is right to say that reform will be successful so long as we strengthen the sense of discipline.

XIAMEN SPECIAL ECONOMIC ZONE BOOSTS ECONOMY

OW131536 Beijing XINHUA in English 1448 GMT 13 Jul 85

[Text] Fuzhou, July 13 (XINHUA) -- Xiamen Special Economic Zone in Fujian Province now has 580 enterprises linking with inland areas to help them boost their local economies, provincial officials said here today.

The businesses have a combined registered capital of 1.9 billion yuan. The city also has 366 enterprises set up by more than 20 provinces and municipalities, including Jiangsu, Guangdong, Jiangxi, Beijing and Shanghai.

According to the officials, many of these businesses have acquired foreign management techniques, funds and technology to help inland areas upgrade their products to meet the standards of the international market.

A joint clothes-making company between Shanghai and Xiamen produced 300,000 yuan worth of high-grade trench coats and sports jackets in the first five months of this year. A company official said they would try to produce more fashionable clothes for export, even through their products have a ready market at home.

The Qilu Petrochemical Corporation in Shandong Province has business links with six plastics plants in Xiamen, and has supplied them with raw materials and technology.

JIANGSU PEOPLE'S CONGRESS COMMITTEE SESSION ENDS

OW121121 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 8 Jul 85

[Text] The 14th Session of the Standing Committee of the 6th Jiangsu Provincial People's Congress concluded in Nanjing on the morning of 8 July after holding group discussions. In the past 3 days, the session earnestly examined and deliberated Jiangsu Province's draft regulations on village and town industrial enterprises, a report on the situation in Chinese-foreign joint enterprises in Jiangsu, and a report on governor Gu Xiulian's visit to Italy and the FRG.

The committee members held that, judging from the present situation in the development of village and town industries in our province, conditions are gradually maturing for the drafting of local regulations. The meeting urged all departments to make suggestions and for revisions and to widely solicit opinions from the various cities and counties. After discussions and revisions by the provincial people's government, the draft regulations will be submitted to the provincial People's Congress Standing Committee for examination and deliberation.

Regarding Chinese-foreign joint ventures in our province, the committee members held that the provincial government had done a great deal of work and achieved some progress in implementing the law on Chinese-foreign ventures and in opening the province to the outside world. However, because this is a new work still in the initial stage, we have not yet made a breakthrough and so far the work has not gotten on track. They suggested that the provincial government earnestly sum up experience and lessons in the light of existing problems, make further clear the guiding ideology for setting up Chinese-foreign joint ventures, and shift the focus of foreign investment to the importation of advanced technology and equipment and to projects that can earn more foreign exchange.



It is necessary to carry out work in strict accordance with the law and to eliminate some improper administrative interferences in economic work involving foreigners. Active efforts should be made to train specialized personnel for Chinese-foreign joint ventures to meet the needs of opening up to the outside world.

The committee members approved the report on Governor Gu Xiulian's visit to Italy and the FRG. They held that the provincial economic and trade delegation made adequate preparations prior to its departure, did a great deal of work, and achieved the expected results. The committee members suggested that the provincial government exercise more effective leadership over groups visiting abroad and have a special agency to examine and administer this work. Professional delegations should be composed mainly of professionals.

#### SHANDONG CIRCULAR ON CURBING GRAIN VIOLATIONS

SK141119 Jinan Shandong Provincial Service in Mandarin 2300 GMT 13 Jul 85

[Text] The provincial Discipline Inspection Commission recently issued a circular calling on all localities to strictly investigate and check the new malpractices and violations of law in grain departments.

The circular points out: Our provincial grain departments' malpractices and violations of law in grain purchases and sales are very serious. Some units took advantage of the current system reform and the readjustment of the policy on grain purchase and sale that allows grain and cereal oil to be purchased and sold through various channels and at various prices to seek personal gain for individuals or for a group of persons under the pretext of reform and invigorating enterprises. Some units sold their parity-priced grain that was allowed to be purchased at negotiated prices to the state at higher-than-normal prices in order to obtain extra money. Some collected grain coupons from society, bought in grain at a parity price, and sold it to the state at prices for above-norm purchases in order to obtain extra money for price differentials. Some units sold their grain at above-norm purchase prices in order to get price subsidies. Some units, under the pretext of operating cooperative food or animal feed processing businesses, colluded with persons inside and outside the units to engage in speculation in order to obtain extra money for price differentials and to obtain more profits.

This year the grain departments in various localities have investigated and handled some of these cases, but the problems have not been solved realistically. The CPC committees and discipline inspection commissions at all levels should clearly understand these problems. The grain, financial, and auditing departments at all levels should conscientiously investigate and sort out the problems of the grain departments with regard to their grain purchases and sales.

As for the localities and units with serious problems, the higher authorities should dispatch personnel to help in the investigation work. Persons who have seriously violated law and discipline should be punished according to party or administrative discipline. Those who have obtained economic benefits should return what they have unlawfully taken or pay compensation for it. Those who have violated the criminal law must be punished according to the law. Problems cropping up in operation and management should be investigated and studied and rules and regulations should be established and improved in order to plug the loopholes in a timely manner.

RENMIN RIBAO ON ECONOMIC DEVELOPMENT IN SHANGHAI

HK110559 Beijing RENMIN RIBAO Overseas Edition in Chinese 4 Jul 85 p 3

["Roundup" by reporter Zhang Heping: "Dynamic Cooperation in the Shanghai Economic Zone"]

[Text] A network of horizontal economic links has been set up in the Shanghai economic zone -- the first of this kind in our country to explore ways for comprehensive economic reforms, and all economic cooperation of all kinds is brisk, showing vast vistas of development.

The Shanghai economic zone was established in December 1982. Late last year, the State Council decided to enlarge this zone from the 10 cities in the ZhangJiang delta area to Shanghai Municipality and four whole provinces, namely, Jiangsu, Anhui, Zhejiang, and Jiangxi. Then, the zone had a total area of more than 516,000 square kilometers and a population of 198 million people. It includes 32 cities directly governed by provinces. The zone's annual industrial and agricultural output value is some 280 billion yuan. So it is one of the most economically developed areas in the country.

The establishment of the Shanghai economic zone is a major step by our country to carry out the economic structural reforms. In the past, economic development on the mainland depended basically on vertical relations, and one could not get needed materials produced by a neighboring county which belonged to another administrative region until the materials were transported on a long and roundabout route. This practice was extremely unfavorable to the development of the commodity economy. The establishment of the Shanghai economic zone can produce some positive influence in breaking the barriers between different localities and between different departments, which existed for several decades, and in basing economic development on horizontal relations.

"Having a foothold in the coastal areas, opening up to the outside world, relying on cities, dividing work among areas, influencing outside areas and internal parts, giving a leading role to science and technology, importing advanced things from the east and transferring them westward, and effecting a joint take-off." The 32 Chinese characters for this summarize the proposed orientation of development for the Shanghai economic zone. According to this program, Shanghai will be acting as a pivot that radiates both inwardly and outwardly. In March this year, the Shanghai economic zone set up a provincial governor and mayor joint conference system in Nanjing to discuss economic cooperation between provinces and cities. Recently, the four provinces and one municipality also set up a railway-water-air through transport system so as to rationalize the transport structure inside the economic zone.

According to a responsible person of the planning office of the Shanghai economic zone, over the past 2 years, the economic zone has taken five projects, namely, energy, transport, foreign trade, technological transformation, and the comprehensive control and utilization of the Chang Jiang mouth, Hungpu Jiang, and the Taihu area, as its strategic priorities, and has achieved good results in these five fields. Since last year, the economic zone has sent 900 economic delegates of all sorts to other provinces to discuss economic cooperation. So far, Shanghai has invested 15 million yuan in Jiangxi, helping Jiangxi develop mineral resources. Nanjing, Nantong, and the other three cities in Jiangsu Province have provided 100 million yuan for Anhui Province to conduct compensation trade in a coal mine development project. Zhejiang Province has provided some 90 million yuan of funds to help Anhui Province build the Liuqiao No 2 coal mine which will produce 600,000 tons of coal a year and build another six small coal mines in Xuancheng Prefecture.

Shanghai Municipality, as the center of the economic zone, welcomes other localities in the economic zone to open shops and factories in Shanghai so as to invigorate the economic activities in the economic zone.

At a recent theoretical seminar on the economic zone in Hebei City, experts put forward many new proposals. Some people proposed that a canal linking Chang Jiang and Huai He be rebuilt with localities along the canal raising funds on their own. The 318-km canal project will be carried out along the ancient canal, which will be dredged to open it to navigation. This will not only improve transportation of the region, but will also prevent floods and drought and will provide water for industrial use. On the coordinated cooperation of the harbors in this zone, some people said that Shanghai should become a "big bird with wings spread" with one of its wings touching Lianyungang to the north and the other wing touching Wenzhou to the south. Some people proposed that the economic zone establish an energy development company to raise local funds to develop coal mining and electricity generating. In addition, the proposal that the tourist industry be developed by giving priority to the two lakes (Taihu and Xihu) and the two mountains (Lu Shan and Huang Shan) in connection with the development of the Shanghai port is also quite impressive. It is learned that Shanghai and the other four provinces have put forward more than 4,000 economic and technical cooperation projects at a meeting on technical cooperation in the Shanghai economic zone, which was recently held in Nanchang.

EXPANDED SHANGHAI-ANHUI COOPERATION REPORTED

OW110837 Shanghai City Service in Mandarin 0100 GMT 7 Jul 85

[Text] According to a JIEFANG RIBAO report, economic cooperation between Shanghai and Anhui has expanded from cooperation between enterprises, between prefectures and districts, and between cities and counties to comprehensive cooperation at provincial and municipal level. According to preliminary statistics, more than 130 large and medium-sized cooperation projects are now being carried out between Shanghai and Anhui.

Mayor Wang Daohan called on Huang Huang, secretary of the Anhui Provincial CPC Committee who was in Shanghai on an official trip, on the morning of 6 July. They exchanged views on general principles on further expansion of comprehensive economic cooperation between Shanghai and Anhui and put forth suggestions for a number of major cooperation projects.



LIN RUO ELECTED GUANGDONG CPC COMMITTEE SECRETARY

OW131840 Beijing XINHUA Domestic Service in Chinese 1453 GMT 13 Jul 85

[Text] Guangzhou, 13 Jul (XINHUA) -- With the approval of the CPC Central Committee, a new leading organ of the Guangdong Provincial COC Committee was organized recently. Lin Ruo is now secretary of the provincial party committee; and Ye Xuanping, Xie Fei, Wang Ning, and Guo Rongchang [6753 2837 2409] are deputy secretaries of the provincial party committee.

GUANGXI TROOPS PROTECT PEASANTS DURING HARVEST

HK140708 Beijing ZHONGGUO XINWEN SHE in Chinese 1227 GMT 11 Jul 85

[Text] Nanning, 11 July (ZHONGGUO XINWEN SHE) -- According to incomplete information, Guangxi frontier troops have sent over 120 armed units to protect the Guangxi peasants who are doing summer harvesting and summer sowing along the Sino-Vietnamese border.

Along the Sino-Vietnamese border are over 600 mu of ripe early rice and summer crops which belong to Lihuo Village, Francheng County. The Vietnamese troops who are entrenched on Doumei Mountain frequently fire at the peasants working in the fields below. A Chinese unit garrisoned in this area has held the top of the mountain and occupied a favorable position to protect the peasants who are doing summer harvesting. The unit has also sent soldiers to take part in the rush harvesting and rush planting work of the peasants.

GAS EXPLOSION KILLS 53 COAL MINERS IN HUNAN

OW141859 Beijing XINHUA Domestic Service in Chinese 1649 GMT 14 Jul 85

[By reporter Cai Dongshi]

[Text] Guangzhou, 14 Jul (XINHUA) -- An eruption of coal and gas took place at 1100 GMT on 12 July at the No 3 mine under the Guangdong Meitian Mining Administration. Of the 109 miners in the mine, which is located in Hunan, 53 are out of danger, 53 have been killed, and 3 are still missing.

A coal and gas eruption refers to the sudden gushing out of a large amount of gas and crushed coal from the stope of a mining area within a short time when the area is close to a belt containing a large amount of gas, causing powerful blasts and explosions.

The coals and gas eruption took place at the Ershimen shaft of the Nanshi mining district of the No 3 mine under the Meitian Mining Bureau. According to estimates, approximately 2,000 metric tons of coal and 720,000 cubic meters of gas jetted out during the eruption. Following the eruption, leading members of the mining bureau and members of the Guangdong Coal Industry Corporation working group, who were visiting the mine, immediately organized teams to rescue the survivors. Upon being informed, the Guangdong Provincial CPC Committee and the Guangdong Provincial People's Government also immediately sent Vice Governor Yang Li, leading comrades of the provincial Coal Industry Corporation and the provincial Trade Federation and other relevant personnel to the scene to rescue the survivors, handle post-accident affairs, and comfort the families of those who had died.

The Ministry of Coal Industry has also sent a work group to the accident site. The cause of the accident is being investigated.

HUNAN ISSUES URGENT CIRCULAR ON FARM WORK, DROUGHT

HK130257 Changsha Hunan Provincial Service in Mandarin 2300 GMT 12 Jul 85

[Text] The provincial CPC Committee and government issued an urgent circular on 12 July on getting a good grasp of fighting drought and crash-reaping and sowing. The circular said: Reaping of the early rice has now started, and the province is about to enter the busy season of crash-reaping and sowing. There is serious drought in parts of the province. It is necessary to pay attention to the following points in order to do a good job in farm work and in fighting drought:

1. Fully realize the seriousness of a possible major drought this year and establish the idea of a protracted fight against great drought.
2. At present it is necessary to devote all efforts to crash-reaping and sowing, fighting drought, and tending the industrial crops. In particular, areas where the drought is serious must mobilize the cadres and masses to plunge into the struggle to fight it and reduce crop losses to the minimum.
3. It is necessary to launch the cadres and masses to rapidly establish water management responsibility systems for all water conservation projects.
4. In order to concentrate forces for crash-reaping and sowing and fighting drought, the province must cut down the number of meetings and strictly control the number of sight-seeing and inspection trips.

HUNAN RADIO NOTES DIFFICULTIES FACING NEW CADRES

HK130301 Changsha Hunan Provincial Service in Mandarin 2300 GMT 12 Jul 85

["Today's Forum" article contributed by (Liu Xinghua) of the Economic Research Office of Yueyang Prefectural Commissioner's Office: "Do Not Carry Our Encirclement of New Cadres"]

[Text] During party rectification, a young cadre who had just taken up a leadership post said that he is now facing three encirclements: 1) the vast amount of meetings and documents; 2) people's applause; 3) people's pleadings and intercessions. He finds it very difficult to break through these encirclements.

That this new cadre is able to see the existence of these encirclements shows that he is relatively clear-headed. How to deal with these encirclements is a test for new cadres. So long as they take the stand of party spirit and party policy, they will always be able to break through all encirclements.

Of course, we cannot take a laissez-faire attitude to these encirclements on that account. The organization and leadership concerned should not only provide as much help as possible to new cadres to extricate themselves from the vast number of meetings and documents but should also curb the bad habit of applause and flattery. Old leaders should not plead and intercede for certain people; in this way they are truly cherishing and supporting the new cadres.

FOURTH YUNNAN CPC COMMITTEE ELECTS LEADERSHIP

## Pu Chaozhu Elected to Top Post

HK150015 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 14 Jul 85

[Text] After the CPC Central Committee approved the results of the democratic election conducted by the First Plenary Session of the Fourth Yunnan Provincial CPC Committee, Pu Chaozhu was appointed member of the Standing Committee and secretary of the provincial CPC Committee, and He Zhiqiang, Zhu Zhihui, Li Shuji, and Liu Shusleng have been appointed members of the Standing Committee and deputy secretaries of the provincial CPC Committee. (Zhao Shumin), (Qiu Changjiao), Zhao Tingguang, Zhu Kui, Zhang Zhiming, Wang Xintian, and Yin Jun have been appointed members of the provincial CPC Committee Standing Committee.

After the central authorities approved the results of the election conducted by the First Plenary Session of the Yunnan Provincial Advisory Commission, Li Xingwang was appointed member of the Standing Committee and chairman of the commission. Zhang Yun, Hou Qunying, Dang Xiangmin, (Wang Lizhong), Lin Chao, (Wang Jinru), (Wang Dian), and (Chen Shounian) have been appointed members of the Standing Committee of the commission.

After the central authorities approved the result of the election conducted by the First Plenary Session of the Yunnan Provincial Discipline Inspection Commission, Yin Jun was appointed member of the Standing Committee and secretary of the commission. (Luo Yuntong) and (Luo Jiguang) have been appointed members of the Standing Committee and deputy secretaries. (Wang Chaocheng), (Zhang Di), (Chen Kaixue), (Li Jinghua), and (Shu Fuyu) have been appointed members of the Standing Committee of the commission.

## Addresses Party Plenum

HK140237 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 13 Jul 85

[Text] From the afternoon of 12 July to the morning of 13 July, the Fourth Yunnan Provincial CPC Committee held its First Plenary Session, which elected the Standing Committee, secretary, and deputy secretaries of the committee. Comrade Pu Chaozhu presided and made a speech after the election of the new Standing Committee.

He said: I thank the party and the comrades for their trust in and support for the new provincial CPC Committee Standing Committee. The 12 new Standing Committee members are now shouldering a new, heavy burden. As far as my own knowledge and ability are concerned, I am not at all suited to shouldering this heavy burden and it is more than I can bear. In particular, Yunnan is a multinational, mountainous province. There is still fighting along the border. The province was also a major disaster area during the Cultural Revolution. The conditions are rather complex, and the tasks of economic construction and social development are very heavy. The party and people have laid this heavy charge on us, and the cadres and 970,000 party members of the province have earnest hopes in the new provincial CPC Committee. On the one hand, I am afraid that I cannot make a success of work and cannot fulfill the heavy commission assigned by the party and people; on the other hand, I think we now have the leadership of a mature and strong CPC Central Committee whose level of Marxism-Leninism is very high, and we have the support and help of large numbers of veteran comrades.



We can rely too on the collective wisdom of the members of the provincial CPC Committee Standing Committee and on the enthusiasm and initiative of the prefectural, city, and county party organizations. So long as we maintain a high degree of unity with the CPC Central Committee, work in concert, united and exert great efforts, we have confidence in making a success of our work.

I believe that this provincial CPC Committee will be able to make its proper contributions to the party and people.

Comrade Pu Chaozhu said: The work report of the previous provincial CPC Committee set out very clearly and specifically the tasks of the new provincial CPC Committee. We must mobilize the whole party to work to accomplish them. On the question of how the fourth provincial CPC Committee should do its work, Comrade Pu Chaozhu put forward the following views:

1. We must at all times guide and concentrate the thinking and energy of the whole party for socialist modernization. We must do a good job in economic construction and fulfill the general task and goal set by the 12th CPC Congress, to enable the 33 million people of Yunnan to get rich as soon as possible. This represents the current supreme politics and the most practical and concrete embodiment of the communist ideals of a communist. Every leading cadre, and the work of every front and department must be subordinate to and serve this overall picture. We must concentrate our thinking and energy to master and solve the current major work problems. Straightening out the guiding thinking on professional work in the course of party rectification is precisely for the purpose of solving this problem well.

I hold that as a result of several readjustments, the leadership groups of the provincial organs and the prefectures, cities, and counties are now basically in accord with the party's demand for four transformation of the cadre force. They should be kept stable and get on with their work in peace of mind. Apart from having those comrades retire who are over the age limit, according to the central regulations, we should not carry out any more major reshuffles.

2. We must uphold the principle of putting unity first. This is the basic guarantee for making a success of work in Yunnan. The cadres in Yunnan come from all corners of the country and from various nationalities. They have experienced all the historical stages of the revolution. Yunnan was a major disaster area during the Great Cultural Revolution. Relations among the party comrades were wrecked during the Cultural Revolution. The party's democratic life is not normal enough.

Nine years have now passed since the Great Cultural Revolution ended. Looking at the cadres now, we should mainly focus on two points: All those who have sincerely supported and resolutely implemented the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and those who have worked with all their effort in the four modernizations, are good comrades and must be treated as equals. We must be very intimate with them and unite with them to make a success of work. All private grudges and arguments over rights and wrongs in history are extremely small and insignificant compared with the party's great goal of enriching the people. Hence we should not get any more entangled in things that happened in the past and that have already been clarified. We should take an accommodating attitude and allow those concerned to sum up experience and lessons.

Every comrade should look more at his own shortcomings and at the strong points of others. He should not always hold that he alone is correct. We must uphold the principle of putting unity first, make a success of democratic centralism, and put the party's democratic life on a sound basis.

Friendship and support are more important than anything among the members of the collectives of the provincial CPC Committee and the party Committees at all levels. If the leading party cadres at all levels act in this way, and the whole party acts like this, I believe that unity can be promoted well.

3. Uphold the ideological line of seeking truth from facts and make a success of all reforms. Yunnan has abundant resources and many superior features, but its economy, culture, and technology are all rather backward. The way to develop the province a bit faster is to persistently carry out reform. Reform is an unswerving principle. We must encourage the cadres to be bold in practice, and to dare to pioneer and create new things under the premise of upholding the four basic principles. In connection with Yunnan reality, we should forge ways for carrying out reform in the economic structure and the structures of science, technology, and education.

We must utter less empty talk, do more practical work, conduct investigation and study, be concerned for the masses' woes, and respect the creativity of the grass roots. We must achieve a major improvement in work style.

4. We must build the two civilizations simultaneously and step up the party's ideological and political work. We must conduct education for the cadres and masses in ideals and discipline. The party's ideological and political work must be carried out in conjunction with economic and all other work and in connection with the state of mind of the cadres and masses. We should have a variety of methods for carrying out this work, and its contents must be vivid and lively.

In short, we cannot relax for a moment the work of building spiritual civilization.

5. Seriously promote party rectification and step up party building. Party rectification must take as its breakthrough point the correction of new unhealthy trends, and it must guarantee and stimulate reform. We must straighten out our guiding thinking on professional work and enhance awareness of serving the party's general goal.

We must seriously conduct education in totally negating the Cultural Revolution, eliminating factionalism, and strengthening party spirit. Grasping the negation of two things in the course of party rectification means grasping the crux of the problem. We must be unswerving in conducting education in totally negating two things. We must uphold the correct principle proposed by the central authorities of unity, guidance, unity. Leading cadres should take the lead in baring themselves and summing up experiences and lessons. We should do more self-criticism, hold more heart-to-heart talks, and adopt other correct methods in order to solve this contradiction [as heard] and reach the goal of unity.

On the basis of party rectification, we must strengthen the building of the party's grass-roots organizations and bring into play the fighting force of the party branches and the vanguard and model role of party members.

The plenary session also listened to and approved the results of the elections in the provincial Advisory and Discipline Inspection Commissions.

The provincial CPC Advisory Commission held its first plenary session from the afternoon of 12 July to the morning of 13 July. The session democratically elected by secret ballot the chairman and Standing Committee members of the commission.

Comrade Li Xingwang made a speech after the completion of the election.

After speaking on the importance of the central decision on establishing advisory commissions and the nature of these commissions, he stressed: The most basic and important task of the provincial Advisory Commission is to act as the provincial CPC Committee's political assistant and general staff. We must bring into play the role of the commission, centering on this fundamental demand. 1) We must decide on specific policy regulations for the provincial CPC Committee and put forward suggestions on their implementation. 2) We must help the provincial CPC Committee in handling certain important problems. 3) We must publicize the party's principles and policies inside and outside the party. 4) We must undertake other tasks as commissioned or assigned by the provincial CPC Committee.

In conclusion Comrade Li Xingwang spoke on this ideas regarding the future work of the commission.

The provincial Discipline Inspection Commission held its First Plenary Session on the morning of 13 July. Comrade Yin Jun presided. After full discussion, the members elected the secretary, deputy secretaries, and Standing Committee members of the commission.

Comrade Yin Jun spoke after the election. He said: In order to carry out our responsibilities as defined by the party Constitution and fulfill in the new historical period the glorious and arduous tasks of discipline inspection work assigned us by the party, we must, from understanding to practical work, truly shift to focusing on improving party style and ensuring the smooth progress of socialist reforms and the socialist four modernizations.

He declared: We will study assiduously, continually improve our political and professional standards, step up investigation and study, make correct use of the powers given us by the party, and closely rely on the party members and masses in the province in making our proper contributions to bringing about a fundamental turn for the better in party style and building the party into a strong core leading socialist modernization.

#### Radio Hails Congress

HK130533 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 12 Jul 85

[Station Commentary: "Unite as One, Work in Concert, Be Keen on Reform, Enrich the People and Build the Border Region"]

[Excerpts] The Fourth Yunnan Provincial CPC Congress has victoriously concluded after satisfactorily completing its agenda. We enthusiastically congratulate the congress on its success.

After full discussion, this congress democratically elected the Fourth Yunnan Provincial CPC Committee and the provincial Advisory and Discipline Inspection Commissions. A number of veteran comrades have taken the initiative to retire from the provincial CPC Committee leadership group. A number of new comrades have taken up heavy burdens by joining the new leadership group. Thus cooperation between new and old cadres and replacement of the latter by the former has been accomplished.

The average age of the new provincial CPC Committee is notably lower than the previous one. It also shows a marked improvement in educational standards. It marks a further stride in the direction of the four transformation of the cadre force.



The 5-year term of office of the new provincial CPC Committee will be a key period in the province's socialist modernization drive. During these 5 years, we must strive to accomplish ahead of schedule the goal of doubling total industrial and agricultural output, and also lay the foundation for quadrupling output by the end of the century. It can be predicted that under the leadership of the new provincial CPC Committee, we will certainly be able to achieve this vast goal with the common efforts of the party members, cadres, and people of all nationalities in the province. In this way, after 10 years of hard work, we will certainly be able to build Yunnan into a province with relatively well developed economy, science and technology, and education, and bring the province into the medium ranks in the whole country.

In Yunnan we must firmly embrace the idea of putting unity first. Practice has proven that our successes gained in the past could not have been gained without the unity of the whole party, the unity of the people of all nationalities, and the unity of Army and people. Uniting as one and working in concert constitute the key to Yunnan's further advancement. The most important task is to strengthen unity within the party.

This congress was imbued with an atmosphere of unity. It was a congress of unity and democracy. Yunnan's cadres come from all corners of the country. The province is a multinational border area, severely stricken during the Cultural Revolution. Its border defense task is very heavy. It must also strive to make progress in its four modernizations. Hence the party organizations at all levels must strengthen party unity, do their work well in all fields, unite all forces that can be united, and mobilize all positive factors to advance toward a common goal. We should have great unity of nationalities and great development in the economy.

#### BRIEFS

SICHUAN COAL MINES -- Sichuan Province's village and town coal mines are developing vigorously. The province's village and town-run small coal mines produced 18.84 million tons of coal in 1984. Sichuan's current annual coal output ranks second in the country. [Text] [Beijing Domestic Service in Mandarin 2230 GMT 9 May 85 OW]

YUNNAN MULTIMETAL ORE ZONE -- Kunming, 1 Jul (XINHUA) -- Chinese geologists have discovered a zone of multimetal ores containing tin, lead, zinc, and silver in West Yunnan Province, according to the local geological and mineral department. They found 14 primary deposits in the belt stretching 200 kilometers from south to north. This helps study of the extension and distribution in China of the Southeast Asian tin belt, geologists said. [Text] [Beijing XINHUA in English 0833 GMT 1 Jul 85 OW]

BEIJING RIBAO REPORTS MORE LAWYERS, LAW OFFICES

OW131020 Beijing XINHUA in English 0715 GMT 13 Jul 85

[Text] Beijing, July 13 (XINHUA) -- Beijing now has forty law offices and the number of lawyers jumped from 599 to 837 in the first half of this year, today's BEIJING DAILY reports.

They include 30 municipal or district-and-county groups that serve mainly local residents, three mainly for overseas services in economic, patent and overseas Chinese affairs. The seven others were set up by retired lawyers and law professors and associate professors in colleges and universities to serve both Chinese and foreigners.

The paper says 730 enterprises in Beijing have regular legal advisors. The lawyers handled 916 civil and criminal cases in the first four months of this year and mediated more than 10,300 cases out of court.

Law departments have been opened in more universities and colleges in recent years. In addition, an evening university of law and a variety of correspondence colleges and short-term legal training courses have been set up in the capital.

BEIJING MAYOR PLEDGES TO IMPROVE EDUCATION

OW142106 Beijing XINHUA Domestic Service in Chinese 1510 GMT 11 Jul 85

[By reporter Zhang Baorui]

[Text] Beijing, 11 Jul (XINHUA) -- In a speech at the Beijing municipal education work meeting today, Mayor Chen Xitong said: In order to implement the central authorities' decision on reforming the educational system and strive to build Beijing into a city with the best education, the municipal CPC Committee and the municipal government have decided to provide good educational services in the following 10 fields:

- 1) The secretary and members of the Standing Committee of the municipal CPC Committee and the mayor and vice mayors will each establish personal contact with a school (including kindergartens) by visiting it to hear teachers and students' opinions and to solve their practical problems.
- 2) Every organization, enterprise, or institution will support a middle or primary school or kindergarten by establishing regular contacts with it and helping it solve political, economic, and other problems.
- 3) A total of 500,000 square meters of living quarters will be built for middle and primary school and kindergarten teachers in the city and suburban areas within the next 3 to 5 years.
- 4) Wages will be reformed and issued to all middle and primary school and kindergarten teachers before Teachers' Day this year.
- 5) To increase expenditures for education, an additional special fund will be established to reward teachers, and all districts and counties will appropriate 15 percent of their working financial resources for educational expenditures.
- 6) Rural village and town enterprises must contribute 3 to 5 percent of their total profits to setting up schools.
- 7) To improve the condition of schools, all hazardous school buildings will be rebuilt this year, dilapidated school buildings will be renovated within 3 years, and schools' heating, illumination, and other facilities will be further improved within 5 years.
- 8) Resolute efforts will be made to improve mess halls and sanitary conditions of universities, colleges, middle and primary schools, and kindergartens.
- 9) A physical check-up will be conducted for all middle and primary school and kindergarten teachers.
- 10) An educational center and a teachers' sanatorium will be built during the Seventh 5-Year Plan period.

HEILONGJIANG GOVERNMENT MAPS OUT 6-MONTH TASKS

SK150259 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 13 Jul 85

[Excerpts] On the morning of 13 July, the Heilongjiang Provincial People's Government held the fifth plenary meeting to sum up the work done in the first half and to map out tasks for the second half of this year.

Attending the meeting were all staffers of the provincial people's government, who were assigned to the meeting. Attending the meeting as observers were advisers to the provincial people's government, deputy secretaries general of the provincial people's government, and cadres from the departments under the provincial people's government and from various prefectural administrative offices.

Hou Jie, governor of the province, delivered a speech at the meeting. He stated: In the first half of 1985, our province created a favorable situation for the national economy. Despite the serious natural disasters, the province better fulfilled the tasks of spring farming and sowing. At present, peasants across the province are busy with summer hoeing. In industry, the province achieved stable and harmonious progress in production and realized a simultaneous increase in production speed and economic returns. In the first 6 months, the total output showed a 12.4 percent increase over the corresponding 1984 period. The local industrial enterprises whose products are covered by the budget scored a 10.9 percent increase in total output over the corresponding 1984 period. Incomes from sales and those from profits and tax revenues showed a 13.9 percent and a 23.9-percent increase, respectively, over the corresponding 1984 period. The number of money-losing enterprises declined lowering the deficit rate by 33.1 percent. The scale of capital construction was basically brought under control and the construction speed of key projects was accelerated. Urban markets enjoyed brisk sales. There were new developments in foreign trade and economic and technical cooperation with outside places. The province did a good job in implementing the plans for the fiscal budget, loans, and credits.

In his speech, Governor Hou Jie stressed that a good job should be done in concentrating on grasping the following six tasks in the second half of 1985:

1. Efforts should be made to adopt all ways and means to have an overall bumper harvest in agriculture by fostering an idea of combating natural disasters throughout the year.
2. Efforts should be made to continuously do a good job in grasping industrial production by persistently centering on increasing economic returns.
3. Continuous efforts should be made to successfully conduct commodity circulation, and a good job should be done in making an arrangement for markets in busy season.
4. A good job should be done in grasping financial work in a timely manner in order to ensure a balance between financial revenues and expenditures and a small surplus.
5. A good job should be done in conducting reforms in price and wage systems in order to accelerate the pace of conducting reforms in economic systems. In referring to the issue of how to further enliven the large- and medium-sized enterprises, Hou Jie stated: The problems that have hindered the program of enlivening these enterprises and that need to be dealt with urgently are as follows:



1) The higher level organs have not fully delegated the power that should be delegated to the enterprises. 2) Efforts should be made to help these enterprises pay attention to their own development and tap their own latent power by bringing into full play the existing consolidated conditions.

6. Efforts should be made to actively develop foreign trade and economic and technical cooperation with outside places and to further push forward the program of enforcing the open-door policy.

GAO DI ADDRESSES JILIN PARTY CADRES' MEETING

SK141138 Changchun Jilin Provincial Service in Mandarin 1030 GMT 12 Jul 85

[Text] On the afternoon of 12 July, the provincial CPC Committee held a meeting of party-member cadres from the provincial-level organs at the auditorium of the provincial guesthouse.

At the meeting, Gao Di, secretary of the provincial CPC Committee, delivered a report in line with the spirit of the recent enlarged session of the provincial CPC Standing Committee with regard to the current problems that must be attended to urgently and the major tasks for the latter half of 1985.

The meeting urged the provincial-level organs to earnestly relay or implement the spirit of the enlarged session of the provincial CPC Standing Committee, to strengthen their leadership over work, to improve their work style, and to engage in less empty talk and do more practical work in order to set good examples for their subordinate units.

In his report, Comrade Gao Di urged localities throughout the province to earnestly do a good job in conducting reforms in the price and wage systems. He stated: The work emphasis in conducting reforms in price systems in 1985 should be on eliminating the system of state-monopolized purchase of farm and sideline products, on enforcing contract systems for grain purchases, and on initially delegating the right for fixing the prices of other farm and sideline products. Our province has accelerated the pace of rationally readjusting the rural production structure after doing away with the system of state-monopolized purchase of farm and sideline products. As a result, commodity prices have been stable and shown a small decline, and the people have been satisfied with the situation. However, some departments and units arbitrarily raised prices, collected fees, imposed fines, and apportioned expenses, thereby increasing the people's burdens. Particularly since this spring the prices of vegetables have been so high that the people have had many complaints. Therefore, we should exert efforts to develop production, particularly the production of nonstaple foodstuffs. At present, we should seek ways and means to lower vegetable prices and to be well-prepared for autumn vegetable production. It is imperative to improve management of vegetable markets; to have the state, collectives, and individuals open vegetable businesses simultaneously; and to open more channels for vegetable transactions. The state firms should play the role of major channels. Efforts should be made to strengthen management over markets. Those who have reaped staggering profits by raising commodity prices arbitrarily and forcibly seized markets by creating false information should be dealt with according to the law.

Comrade Gao Di stressed: Under the current situation, doing a good job in making arrangements for the people's livelihood has extremely important significance. In rural areas, our work emphasis should be on successfully making arrangements for the livelihood of poor households and localities. In urban areas, the problems cropping up in housing, tap water provision, and transportation should be dealt with actively and properly.

Comrade Gao Di stated: The key to whether we can make a success in conducting reforms in economic systems lies in conducting reforms in price systems. Efforts should be made to further strengthen the readjustment of the production structure in rural areas. Following the autumn harvest this year, we will organize cadres and the people to sum up the implementation of the plans for becoming wealthy this year and to map out the bonanza plans for 1986 and for the next 5 years in order to fulfill the task of readjusting the rural production structure to every farm household. Efforts should be made to reinforce the vigor of enterprises, particularly large- and medium-sized ones that constitute the central link in conducting reforms in urban economic systems. The key to enlivening enterprises lies in delegating significant self-determining power to enterprises that, themselves, should also delegate the power that should be delegated to subplants, work shops, and work teams, and should further improve the economic responsibility system on the basis of delegating power.

In referring to the task of vigorously enhancing the construction of socialist spiritual civilization in order to make a success in party rectification, Comrade Gao Di stated: Both material and spiritual civilizations are mutually conditional, and are objectives for each other. Thus, the task of building the two civilizations must be grasped simultaneously. He stated: The first important task in strengthening the construction of socialist spiritual civilization is to conduct education on harboring ideals and abiding by discipline among cadres and the masses in order to upgrade their ideological awareness. What we should enable cadres and the masses to understand is that the current program of building socialist modernization must be guided by communism. At present, efforts should be made to carry out extensive and profound education and propaganda on the situation and the drive of conducting reforms in order to enable cadres and the masses to correctly understand the situation and the drive and to adopt a correct attitude toward the problems cropping up in conducting reforms. We should believe that the broad masses of cadres and the people are reasonable and conscious. Only by presenting clear reasons can we be certain of support from the overwhelming majority of cadres and the people.

Comrade Gao Di stated: In conducting the party rectification work, these problems should be dealt with: Obstacles in unifying thinking, consolidating work style, strictly enforcing discipline, purifying organizations, and strengthening party spirit. In launching the party rectification drive, we must begin our work in checking or correcting the newly developed malpractices and do a good job in dealing with the problems concerning incorrect ideas regarding party spirit.

In conclusion, Comrade Gao Di stressed: Under circumstances in which the situation is good, task are heavy, work is plentiful, and the degree of difficulties is great, we are particularly urged to improve the work style in the leading echelon and work methods in order to strive for success in our work.

#### STEEL, ALUMINUM PRICES RISE SHARPLY IN LIAONING

HK140418 Beijing CHINA DAILY in English 14 Jul 85 p 2

[Text] Steel and aluminum prices have risen sharply in the last four months in five of China's northeastern industrial cities and the upward trend is predicted to continue, according to the newspaper ECONOMIC INFORMATION.

Last March, steel sold at about 1,400 yuan a ton in the five cities. Now prices range from about 1,550 yuan to 1,700 yuan, and are predicted to hit 1,800 yuan very soon, the newspaper said.

The newspaper report was based on a survey of steel, automobile, aluminium and soda prices at markets in Shenyang, Dalian, Fushun, Dandong and Jinzhou in Liaoning Province. The survey was conducted by the Shenyang Trade Centre. The price rise, says the newspaper, was caused by the short supply of steel.

The construction industry is developing rapidly in Liaoning Province. Annual demand for steel is estimated at about 600,000 tons. However, steel industries in the province are capable of meeting only 20 percent of the demand. Since the state lifted its monopoly over marketing prices of vehicles, automobile shortages have eased.

The market survey by the Shenyang Trade Centre also included the following information about automobile markets:

- Double-purpose buses -- buses designed to carry passengers and goods -- are badly needed at factories and mines.
- Low-priced trucks with large loading capacities are attracting many buyers from locally-owned businesses and households specialized in transportation.
- Diesel-powered trucks are selling better than gasoline-powered trucks in the five cities. Last March, for example, gasoline-powered trucks sold at 40,000 yuan, but two months later the price dropped down to 37,000 yuan.
- Double-purpose buses and diesel-powered trucks are predicted to dominate future markets in the industrial cities.

Prices of aluminium have risen from about 4,500 yuan a ton two months ago to 5,000 yuan last month, and are predicted to surpass 6,000 yuan if no increase in aluminium supplies occurs.

#### LIAONING CPPCC HOLDS STANDING COMMITTEE MEETING

SK130634 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 11 Jul 85

[Text] The 13th Standing Committee meeting of the 5th provincial CPPCC Committee was held on 11 July. The meeting adopted a resolution on convening the Fourth Session of the Fifth Liaoning Provincial CPPCC Committee in Shenyang City on 17 July a resolution on the session's agenda.

At the meeting (Liu Qingkui), director of the United Front Work Department of the provincial CPC Committee, delivered a report on giving details of personnel assignments and the readjustment of the provincial CPPCC Committee and on candidates for supplementary members of the Standing Committee. Through consultations, the meeting adopted a resolution on the namelist of the 27 supplementary or additional members of the provincial CPPCC Standing Committee.



QINGHAI ANNOUNCES CHANGES IN PARTY LEADERSHIP

HK140137 Xining Qinghai Provincial Service in Mandarin 1100 GMT 13 Jul 85

[Text] The Qinghai Provincial CPC Committee held a gathering of responsible party-member cadres this morning to proclaim the circular of the CPC Central Committee on the reshuffle of responsible comrades of the provincial CPC Committee and the provincial Advisory and Discipline Inspection Commissions.

The new provincial CPC Committee and provincial Advisory and Discipline Inspection Commissions are composed of the following comrades:

Yin Kesheng is secretary of the provincial CPC Committee, and Song Weixiang, Liu Feng, and Huanjuecailang are deputy secretaries. The other Standing Committee members are (Meng Rushan), Han Yinxuan, Chen Yunfeng, (Tao Zhenyou), and (Tan Shandao).

Zhao Haifeng is chairman of the provincial Advisory Commission and Ma Wanli is vice chairman.

Zuoba is secretary of the provincial Discipline Inspection Commission.

This reshuffle of the responsible comrades of the provincial CPC Committee and the provincial Advisory and Discipline Inspection Commissions was formulated by the provincial CPC Committee in accordance with the relevant intentions of the central authorities and after full preparations and meticulous work. The proposals were then submitted to the central authorities for examination and approval.

The new Standing Committee of the provincial CPC Committee has 9 members, whose average age is 52.7, a reduction of 6 years compared with the previous committee. Only 1 of the members is over 60, and 6 are under 55, while 44.4 percent of them have tertiary education. Provincial CPC Committee Secretary Yin Kesheng is 53. He graduated from the Beijing Petroleum College in 1964 and has long been engaged in economic construction work.

Comrade Zhao Haifeng presided at the meeting today and made a speech. He said: This reshuffle of the leadership group of the provincial CPC Committee is of very great significance for achieving the four transformations of the cadre force and replacing old cadres with new in Qinghai. On behalf of the previous provincial CPC Committee Standing Committee, he pledged resolute support for the decision of the central authorities and said he would actively support and help the new provincial CPC Committee leadership group to do a good job in its work.

The new provincial CPC Committee Secretary Yin Kesheng made a speech. He said: We will carry out the central line, principles, and policies. We must not disappoint the hopes of the people of all nationalities in the province. We will redouble our efforts to develop Qinghai. Comrade Huang Jingbo also spoke at the meeting.

QINGHAI STUDYING EXPLOITATION OF QAIDAM OIL FIELDS

HK100757 Xining Qinghai Provincial Service in Mandarin 1100 GMT 8 Jul 85

[Excerpts] Since the beginning of June this year, a feasibility study of exploiting the Qaidam Pendi oil fields on a large scale and building a large oil refinery has been conducted in comprehensive way in Lenghu, (Batifeng), and Golmud.

This shows that in the petroleum industry in Qaidam, the stage of regarding prospecting work as the main work will soon change to the stage of simultaneous prospecting and exploitation.

Over the past 30 years and more, after the concerted efforts of the workers on the geological and petroleum fronts in our province, a certain level of petroleum deposits in Qaidam Pendi has been ascertained and capital construction for the petroleum industry has initially taken shape. This had laid down a foundation for exploiting the oilfields on a large scale and building an oil refinery.

In March this year, proceeding from realities, the provincial government and the Ministry of Petroleum in the Pendi and building an oil refinery and specially listened to the work report made by the Qinghai Petroleum Administrative Bureau. They put forward express requirements for conducting the relevant feasibility study. At the beginning of May, the provincial Petroleum Administrative Bureau established a feasibility study leadership group and 15 industrial technical cadres organized a feasibility study office. Responsible comrades concerned of the provincial Planning Committee and the provincial Heavy Industry Department have also participated in the leadership work of the group.

In addition to the personnel of the provincial Petroleum Administrative Bureau, some 20 technical cadres of the planning and design general institute of the Ministry of Petroleum Industry, the Jiangnan Petroleum Design Institute in Hubei, and the oilfield chemical industry contractor company of the Ministry of Petroleum Industry have also taken part in the feasibility study. The feasibility study leadership group declared that they would submit reports on the work of all sections before the end of September and would submit a report on the overall study before the end of October.

TA KUNG PAO REPORTS CPC PERSONNEL RESHUFFLE

HK140112 Hong Kong TA KUNG PAO in Chinese 14 Jul 85 p 1

["Special dispatch" from correspondent Hou Tung-hai "Personnel Reshuffle in CPC Departments To Result in Lowering of Average Age of Cadres by September"]

[Text] Prior to the September party conference of delegates, the leading bodies of the departments under the CPC Central Committee will be readjusted to lower the average of cadres. The average age of the heads of various departments after readjustment will be under 60, with a few exceptions who will be a little over 60. The Propaganda Department of the CPC Central Committee has taken the lead in the readjustment. Deng Liqun, 70, will no longer hold the concurrent post of head of the Propaganda Department. He will be replaced by 54-year-old Zhu Houze, secretary of the Guizhou Provincial CPC Committee.

This news was disclosed by a news spokesman of the Foreign Ministry [wai jiao bu] while answering questions raised by reporters.

The news spokesman said: Although Deng Liqun will no longer hold the post of head of the Propaganda Department of the CPC Central Committee, he will still be responsible for propaganda work in his capacity as secretary of the Secretariat of the CPC Central Committee. Zhu Houze, secretary of the Guizhou Provincial CPC Committee, will assume the post of head of the Propaganda Department of the CPC Central Committee.

Of the deputy heads of the Propaganda Department, Yu Wen, Wang Huide, He Jingzhi, and Zeng Delin, two will leave office -- Yu Wen, and He Jingzhi -- as they have passed the age limit.

The heads of the departments under the CPC Central Committee at present are as follows: Qiao Shi, head of the Organization Department (60); Zhu Houze, head of the Propaganda Department (54); Yang Jingren, head of the United Front Work Department (66); and Qian Liren, head of the International Liaison Department (60).

WEN WEI PO EDITORIAL ON LI'S NORTH AMERICA VISIT

HK130650 Hong Kong WEN WEI PO in Chinese 12 Jul 85 p 2

[Editorial: "A Test for Sino-U.S. Friendship"]

[Text] At the invitation of the Canadian and U.S. Governments, President Li Xiannian has set out on a state visit to Canada and the United States. He will hold talks with Canadian Governor General Sauve, and visit Vancouver, Toronto, Quebec, and other places. He will also hold talks with President Reagan, and visit Chicago, Los Angeles, San Francisco, and other cities. Before departing, President Li Xiannian pointed out: "In the spirit of enhancing mutual understanding, promoting bilateral relations, developing friendship among the people, and safeguarding world peace, I will exchange views with the Canadian and American leaders, and hold extensive meetings with people from all walks of life in the United States and Canada. I hope the visit will have positive results." This is the major aim of President Li Xiannian's visit.

President Li Xiannian's visit is the first by our head of state to North America, and it is an important diplomatic move by our country aimed at actively developing relations with North America. The United States and Canada, in North America, various West European countries, and Japan are the main industrial countries of the West. They assume large proportions in the world economy and possess advanced technology and ample funds.



China is rich in natural resources and has a vast market. It is the largest developing country in the world. Therefore, there is great potential that could be tapped in U.S.-PRC cooperation. There are bright prospects, with potentially great benefits for both sides. North America and China are respectively located on the Pacific coast. Thus, they could have a far-reaching influence over cooperation and prosperity in the Pacific region.

Since China and Canada signed their first trade agreement in 1973, bilateral trade has developed steadily. Starting in 1980 Canada has applied a generalized preferential system to China. Trade between the two countries has developed very rapidly because of this. Trade volume reached \$1.8 billion in 1983. During this visit it is expected that the two countries will sign new trade agreements. Canada will export high technology and facilities to China. Bilateral trade volume will be increased to \$3 billion. There is no diplomatic obstruction between China and Canada. They mutually pursue a peace diplomacy. This will enable China and Canada to develop stable, sustained relations.

As far as the United States is concerned, due to efforts exerted by Nixon, Ford, Carter, and Reagan, China and the United States have restored diplomatic relations. The United States has accepted the principle of one China, that is, the People's Republic of China. It is also willing to see the peaceful reunification of China. However, in the U.S. Congress there is a pro-Taiwan political force which affects the U.S. Government's policy toward China. One month before President Li Xiannian started his visit, the U.S. Department of Defense decided to sell to Taiwan air defense missiles valued at \$90 million or so. Also, on the eve of President Li Xiannian's visit, the U.S. House of Representatives adopted two resolutions slandering China's birth control policy aimed at curbing population growth. To our surprise, it asked the United Nations to interfere with our policy. This has cast a shadow over President Li Xiannian's visit to the United States.

Besides diplomatic issues, the development of Sino-U.S. economic relations has also been obstructed. The Sino-U.S. nuclear energy cooperative agreement initialed when President Reagan visited China still has not been presented to the U.S. Congress for approval. The Chinese Government promised a long time ago to not proliferate nuclear technology, and to not apply imported nuclear technology to military use. Although China has adopted such an open and above-board attitude, the United States has not cleared up some doubts. U.S. policy aimed at restricting the import of chemical fiber products affects regular, on-going Sino-U.S. trade. All these problems have stood in the way of developing Sino-U.S. economic relations.

Economic problems have prompted the United States to expand its trade with China. The grim facts of U.S.-Soviet relations have moved the United States to improve relations with China. However, the traditional U.S. policy favoring Taiwan and U.S. international objectives have blocked Sino-U.S. relations. This is the present state of Sino-U.S. relations.

President Li Xiannian has expressed his indignation at the resolutions of the U.S. House of Representatives. A major test for the United States is whether the Reagan administration can turn disharmony into amity, so that President Li Xiannian's visit to the United State will not be affected.

SHENZHEN MAYOR: DENG CONFIDENT IN PERFORMANCE

HK121346 Hong Kong Television Broadcast Limited in English 1100 GMT 12 Jul 85

[Text] The mayor of Shenzhen says Chinese leader Deng Xiaoping has no doubts at all about the performance of the special economic zone [SEZ], and anyone who believes otherwise is wrong. Shirley Lam reports:

[Begin recording] The mayor of the Shenzhen Special Economic Zone, Liang Xiang, told a group of businessmen from Hong Kong that the value of industrial output in the SEZ amounted to \$1.3 billion in the first 6 months of the year. Capital investments and financial earnings also increased over those of the previous year. When asked to comment on Chinese leader Deng Xiaoping's remarks that the Shenzhen Economic Zone is an experiment and that whether it's the correct track or not remains to be seen, the mayor said the statement was misinterpreted. He said Deng is certain about Shenzhen's economic performance.

Also present at the meeting, municipal committee member (Zhou Yihan) reiterated that Shenzhen will continue to put emphasis on industrial development.

Shirley Lam, TVB news. [end recording]

## WEN WEI PO Article

HK130152 Hong Kong WEN WEI PO in Chinese 13 Jul 85 p 3

["Special Dispatch" from Shenzhen: "Liang Xiang on Background to Deng Xiaoping's Remarks"]

[Text] Shenzhen Mayor Liang Xiang said that Deng Xiaoping's remarks on the development of Shenzhen the other day did not contradict the spirit of his inscription on Shenzhen. He held that they are both modest remarks to the guests and an encouragement to the special economic zone.

Liang Xiang gave a lichee banquet in Shenzhen yesterday to entertain people from all walks of life in Hong Kong who had gone there to taste lichee. During the banquet, Liang Xiang talked about his understanding of Deng Xiaoping's remarks on the Shenzhen issue the other day. Deng Xiaoping was quoted as saying: The Shenzhen Special Economic Zone is an experiment. We should still wait and see whether the road we follow is correct.

Liang Xiang indicated that a group of Algerian guests visited Shenzhen for 2 days some time ago. Later, when they met Deng Xiaoping in Beijing, they spoke highly of Shenzhen's construction. In these circumstances, Deng Xiaoping's reply to the foreign guests often carries a modest element.

Liang Xiang said: Deng Xiaoping made an inspection tour of Shenzhen in 1983. As soon as he stepped down from the train, he said: It is I who proposed running the special economic zone and, therefore, I must have a look and see whether it is running well or not. After concluding his inspection tour, Deng Xiaoping wrote an inscription reading "Shenzhen's development and experience prove that our policy on setting up special economic zones is correct." Obviously, Deng Xiaoping affirmed Shenzhen's development. As to his recent remark that "we should still wait and see whether the road we follow is correct," it is not in contradiction with his previous statement. Things we have practiced can be used as proof but it is indeed necessary to wait and see about things that are still developing.

During the banquet, Liang Xiang made a detailed report on Shenzhen's economic construction in the past 5 years, particularly its development in the first half of this year (for details please read the economic page [of today's WEN WEI PO] on open cities) and talked about several measures taken with the aim of maintaining Shenzhen's rapid development, such as continuously improving the investment environment, energy and transport, and telecommunications; increasing work efficiency and, at the end of this year and at the beginning of next year, streamlining administration and instituting decentralization in order to suit the development of economic work; strengthening urban and enterprise management, rigorously enforcing the various systems; making a success of legislation; and adopting all measures to enable the genuine implementation of preferential terms and policies toward investors.

Zou Erkang, Zhou Ding, Li Guangzhen, Wu Zilan, Li Chuangfang, Lin Zuji, and other leaders of Shenzhen City attended the lichee tasting party. More than 200 noted figures from all walks of life in Hong Kong were also invited to the banquet.

ZOU ERKANG DENIES SHENZHEN RELIES ON STATE FUNDS

HK130926 Hong Kong WEN WEI PO in Chinese 13 Jul 85 p 3

["Special Dispatch" from Shenzhen: "Zou Erkang Denies Rumor That Shenzhen Relies on State Blood Transfusions"]

[Text] Zou Erkang, member of the Shenzhen City CPC Committee Standing Committee, told reporters at Shenzhen yesterday: The illegal gambling house at Shenzhenwan Hotel has been closed, all the gambling paraphernalia in the gambling house has been confiscated, the people concerned will be dealt with one after another in the near future, and an announcement will be made on this issue.

Talking about the recent rumor that Shenzhen relies entirely on state "blood transfusions" and that it is now necessary to pull out the needle, Zou said that there was actually no such thing. He said: Shenzhen relies on state policies and not on huge investment from the state. In the past 5 years, 83 percent of the investments in Shenzhen has come from foreign businessmen and locally-raised funds and credits, 7 percent from the various provinces and municipalities. Therefore, the term blood transfusions has not been used correctly. Moreover, the statement "pulling out the needle" is an erroneous rumor. The leader of our country did not make such a remark.

Zou said: The state has instituted measures to curtail foreign exchange expenditures this year. But this does not have a great effect on Shenzhen because Shenzhen's development relies primarily on the state policies and on absorption of foreign funds. Therefore, we do not have the problem of affecting development due to the tightening of foreign exchange control. On the other hand, Shenzhen is also energetically trying to seek the support of the state in foreign exchange for its imports. Last year the state granted Shenzhen \$50 million in foreign exchange. This year it has issued \$20 million so far. In line with the development of the situation, the state will still allocate more foreign exchange in the future.



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